ANNUAL REPORT
YEAR ENDING
DECEMBER 31, 1947

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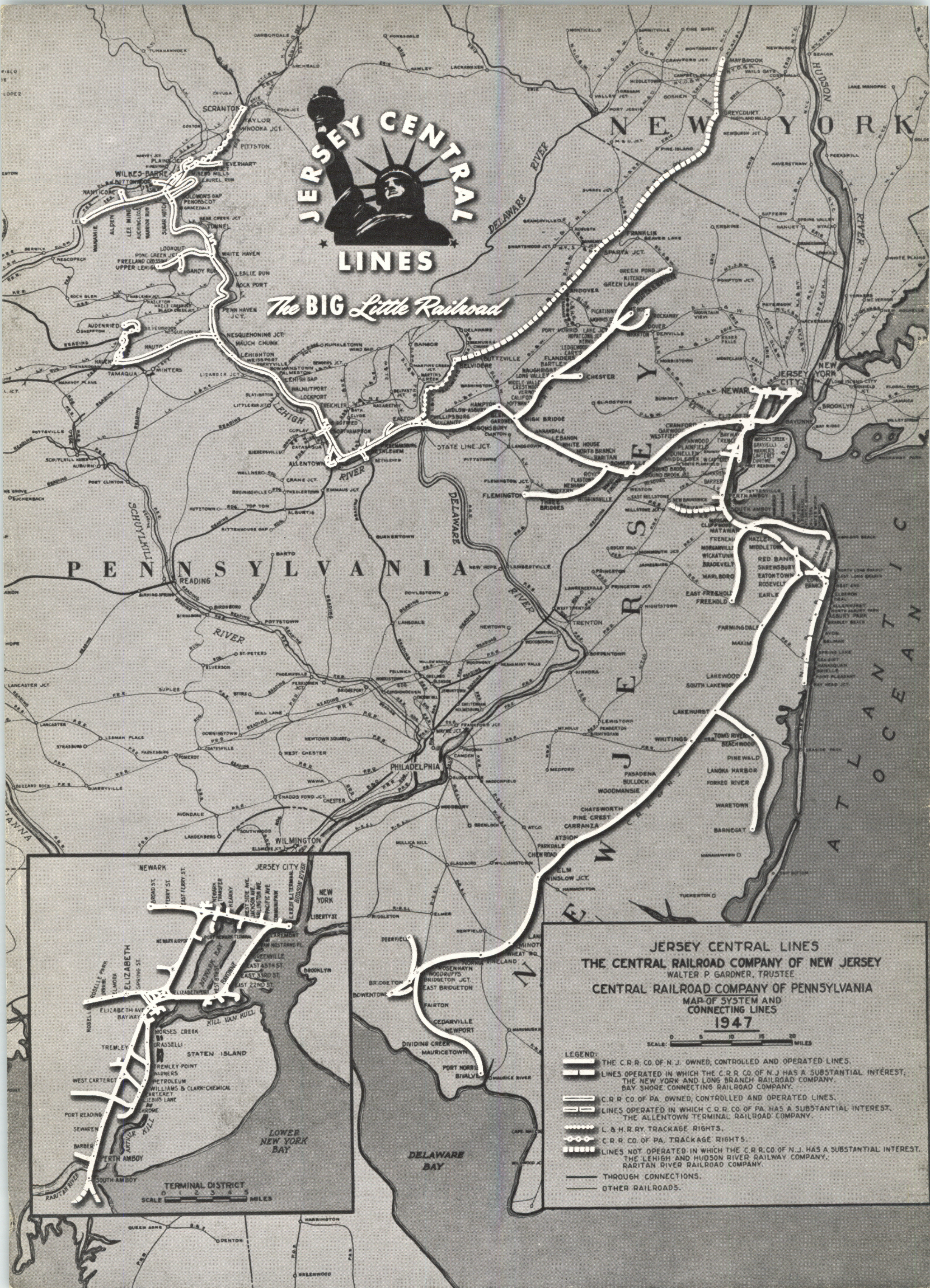
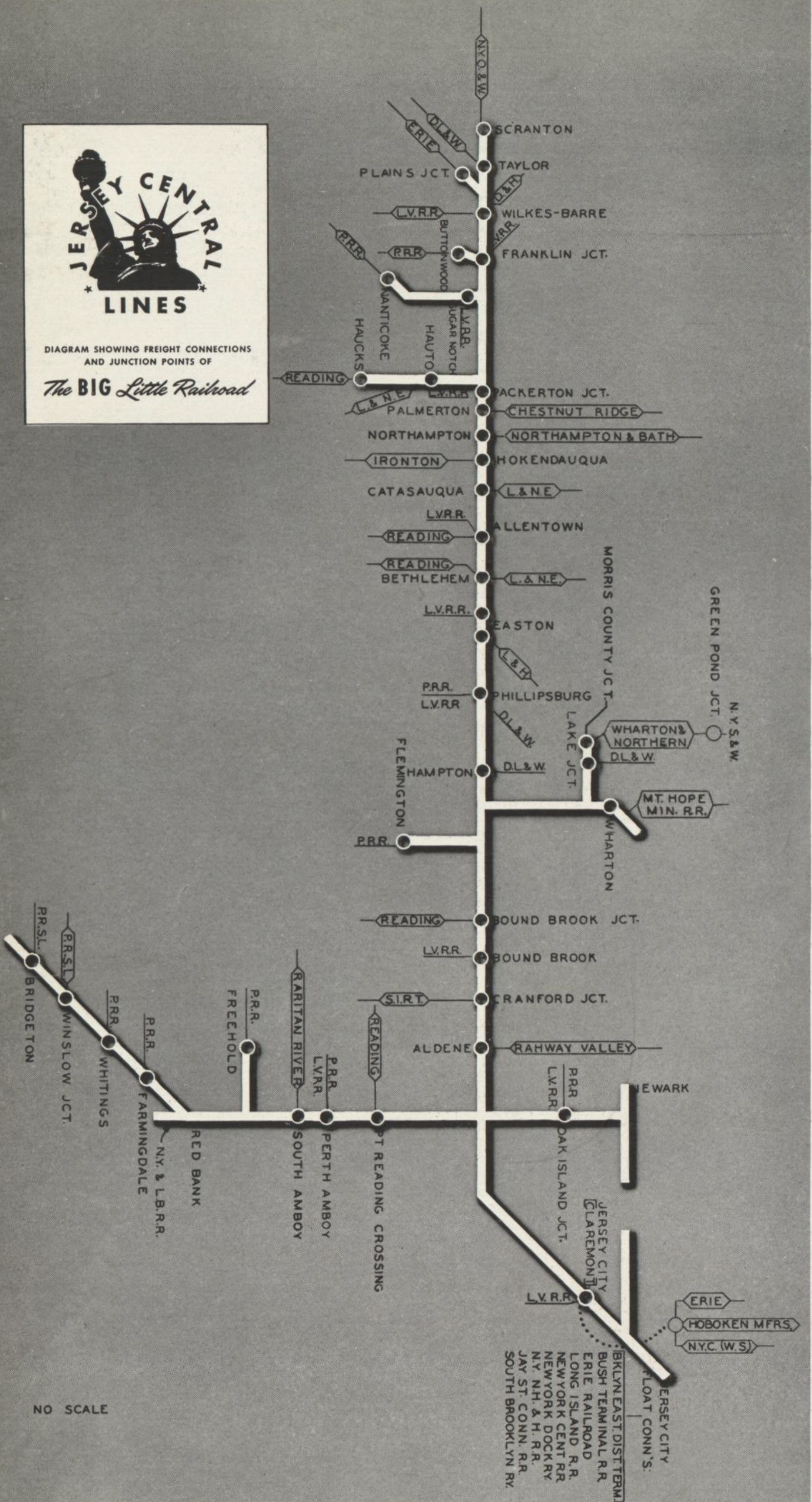
JERSEY CENTRAL LINES


JERSEY CENTRAL LINES
The BIG Little Railroad
NEW YORK
PENNSYLVANIA
NEW JERSEY
ATLANTIC OCEAN
DELAWARE BAY
HUDSON RIVER
DELAWARE RIVER
LEHIGH RIVER
SCHUYLKILL RIVER
SCRANTON
WILKES-BARRE
ALLENTOWN
BETHLEHEM
EASTON
PHILLIPSBURG
READING
PHILADELPHIA
WILMINGTON
TRENTON
NEWARK
JERSEY CITY
NEW YORK
BROOKLYN
BAYONNE
ELIZABETH
PERTH AMBOY
SOUTH AMBOY
RED BANK
LONG BRANCH
ASBURY PARK
LAKEWOOD
LAKEHURST
TOMS RIVER
BARNEGAT
BRIDGETON
PORT NORRIS
BIVALVE
MAYBROOK
NEWARK
JERSEY CITY
LIBERTY ST.
NEWARK BAY
KILL VAN KULL
STATEN ISLAND
ARTHUR KILL
LOWER NEW YORK BAY
RARITAN RIVER
TERMINAL DISTRICT
SCALE 0 1 2 3 4 5 MILES
JERSEY CENTRAL LINES
THE CENTRAL RAILROAD COMPANY OF NEW JERSEY
WALTER P. GARDNER, TRUSTEE
CENTRAL RAILROAD COMPANY OF PENNSYLVANIA
MAP OF SYSTEM AND CONNECTING LINES
1947
SCALE: 0 5 10 15 20 MILES
LEGEND:
THE C.R.R. CO. OF N.J. OWNED, CONTROLLED AND OPERATED LINES.
LINES OPERATED IN WHICH THE C.R.R. CO. OF N.J HAS A SUBSTANTIAL INTEREST. THE NEW YORK AND LONG BRANCH RAILROAD COMPANY. BAY SHORE CONNECTING RAILROAD COMPANY.
C.R.R. CO. OF PA. OWNED, CONTROLLED AND OPERATED LINES.
LINES OPERATED IN WHICH C.R.R. CO. OF PA. HAS A SUBSTANTIAL INTEREST. THE ALLENTOWN TERMINAL RAILROAD COMPANY.
L. & H.R.RY. TRACKAGE RIGHTS.
C.R.R. CO. OF PA. TRACKAGE RIGHTS.
LINES NOT OPERATED IN WHICH THE C.R.R. CO. OF N.J. HAS A SUBSTANTIAL INTEREST. THE LEHIGH AND HUDSON RIVER RAILWAY COMPANY. RARITAN RIVER RAILROAD COMPANY.
THROUGH CONNECTIONS.
OTHER RAILROADS.


JERSEY CENTRAL LINES
DIAGRAM SHOWING FREIGHT CONNECTIONS AND JUNCTION POINTS OF
The BIG Little Railroad
N.Y.O.&W.
D.L.&W.
ERIE
SCRANTON
TAYLOR
PLAINS JCT.
D.&H.
L.V.R.R.
WILKES-BARRE
L.V.R.R.
P.R.R.
P.R.R.
BUTTONWOOD
FRANKLIN JCT.
NANTICOKE
L.V.R.R.
SUGAR NOTCH
HAUTO
HAUCKS
READING
PACKERTON JCT.
L.&N.E.
L.V.R.R.
PALMERTON
CHESTNUT RIDGE
NORTHAMPTON
NORTHAMPTON & BATH
IRONTON
HOKENDAUQUA
CATASAUQUA
L.&N.E.
L.V.R.R.
ALLENTOWN
READING
READING
BETHLEHEM
L.&N.E.
L.V.R.R.
EASTON
L.&H.
P.R.R.
L.V.R.R.
PHILLIPSBURG
D.L.&W.
MORRIS COUNTY JCT.
GREEN POND JCT.
N.Y.S.&W.
LAKE JCT.
WHARTON & NORTHERN
D.L.&W.
FLEMINGTON
HAMPTON
D.L.&W.
MT. HOPE MIN. R.R.
WHARTON
P.R.R.
READING
BOUND BROOK JCT.
L.V.R.R.
BOUND BROOK
S.I.R.T.
CRANFORD JCT.
ALDENE
RAHWAY VALLEY
READING
RARITAN RIVER
P.R.R.
L.V.R.R.
P.R.R.
FREEHOLD
P.R.S.L.
BRIDGETON
P.R.S.L.
WINSLOW JCT.
P.R.R.
WHITINGS
P.R.R.
FARMINGDALE
N.Y. & L.B.R.R.
RED BANK
SOUTH AMBOY
PERTH AMBOY
PT READING CROSSING
P.R.R.
L.V.R.R.
OAK ISLAND JCT.
NEWARK
JERSEY CITY
CLAREMONT
L.V.R.R.
ERIE
HOBOKEN MFRS.
N.Y.C. (W.S.)
JERSEY CITY FLOAT CONN'S:
BKLYN. EAST. DIST. TERM.
BUSH TERMINAL R.R.
ERIE RAILROAD
LONG ISLAND R.R.
NEW YORK CENT. R.R.
NEW YORK DOCK RY.
N.Y. N.H. & H. R.R.
JAY ST. CONN. R.R.
SOUTH BROOKLYN RY.
NO SCALE

Jersey Central Lines

ANNUAL REPORT

For year ending
December 31,
1947

The Central Railroad Company of New Jersey

WALTER P. GARDNER, *Trustee*

JAMES D. CARPENTER, JR., *Counsel for the Trustee*

General Offices

Terminal Building, Jersey City 2, N. J.

*EARL T. MOORE, *Chief Executive Officer*

**Judson C. McLester, Jr.	*Chief Law Officer*	New York 6, N. Y.
Alexander H. Elder	*General Solicitor*	New York 6, N. Y.
William F. Hanlon	*Assistant General Solicitor*	New York 6, N. Y.
Howard B. Thomas	*Assistant General Solicitor*	New York 6, N. Y.
*Arthur C. Tosh	*Chief Operating Officer*	Jersey City 2, N. J.
Norton P. Willis	*Superintendent Transportation*	Jersey City, 2, N. J.
George H. Massy	*Superintendent Motive Power and Rolling Equipment*	Elizabethport 1, N. J.
Thomas E. MacMannis	*Engineer Maintenance of Way*	Jersey City 2, N. J.
Fred W. Bender	*Signal Engineer*	Jersey City 2, N. J.
Raymond W. Keller	*Electrical Engineer*	Jersey City 2, N. J.
Don Y. Smith	*Chief Traffic Officer (Freight)*	New York 6, N. Y.
Thomas H. Irwin	*Freight Traffic Manager*	New York 6, N. Y.
John F. Hourigan	*Freight Traffic Manager*	New York 6, N. Y.
Richard J. Sullivan	*Assistant Freight Traffic Manager*	New York 6, N. Y.
**Ralph E. Thompson	*Chief Accounting Officer*	Jersey City 2, N. J
Fred E. Gregg	*Comptroller*	Jersey City 2, N. J.
Philip M. Kelly	*Assistant Comptroller*	Jersey City 2, N. J.
William Kohler	*Secretary and Treasurer*	New York 6, N. Y.
Harry M. Sanderson	*Assistant Secretary and Assistant Treasurer*	New York 6, N. Y.
†Sydney L. Mapes	*Chief Engineer*	Jersey City 2, N. J.
†Albert M. Zabriskie	*Consulting Engineer*	Jersey City 2, N. J.
Bernard J. Minetti	*Bridge Engineer*	Jersey City 2, N. J.
Espy A. Workman	*Purchasing Agent*	New York 6, N. Y.
***Philip M. Parker	*Property Manager*	Jersey City 2, N. J.
Russell C. Slack	*Real Estate Agent*	Jersey City 2, N. J.
Ennett J. Goodale	*Valuation Engineer*	Jersey City 2, N. J.
Harry E. Yerkes	*Passenger Traffic Manager*	New York 6, N. Y.
‡Edwin L. Tomlinson	*General Passenger Agent*	New York 6, N. Y.
Thomas F. Clarkin	*Assistant General Passenger Agent*	New York 6, N. Y.
Ira Goldowsky, M.D.	*Medical Director*	Jersey City 2, N. J.
Joseph T. Sullivan	*Director of Information*	Jersey City 2, N. J.

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*Effective November 1, 1947.

**Effective September 15, 1947.

***Effective September 22, 1947.

†Effective May 1, 1948—Albert M. Zabriskie continued as Consulting Engineer subsequent to his retirement as Chief Engineer.

‡Effective September 1, 1947.

The Central Railroad Company of New Jersey

Corporate Directors

Roy B. White, *Chairman*
Revelle W. Brown
J. Hamilton Cheston
Goldthwaite H. Dorr
William V. Griffin
* Theodore W. Reath
William W. Rhoads
Russell L. Snodgrass
William I. Woodcock, Jr.
* Deceased January 30, 1948

Executive Committee

Roy B. White, *Chairman*
Revelle W. Brown
J. Hamilton Cheston
Goldthwaite H. Dorr
William V. Griffin
William I. Woodcock, Jr.

Corporate Officers

Roy B. White........................Baltimore 1, Md.
Chairman of the Board

Charles L. Ewing................New York 6, N. Y.
Vice President

William Kohler..................New York 6, N. Y.
Secretary and Treasurer

Alexander H. Elder..............New York 6, N. Y.
General Solicitor

General Offices

Central Building, 143 Liberty Street, New York 6, N. Y.

Registrar of Transfers

Central Hanover Bank and Trust Company,
70 Broadway, New York 15, N. Y.

Central Railroad Company of Pennsylvania

Directors

Percy A. Brown
James D. Carpenter, Jr.
Frank J. Cassidy
Edward J. Fox, Jr.
Walter P. Gardner
Horace Lehr
Earl T. Moore
Andrew J. Sordoni
J. L. Stackhouse
Arthur C. Tosh
Robert A. Young

Executive Committee

James D. Carpenter, Jr.
Walter P. Gardner
Earl T. Moore

Officers

Earl T. Moore....................New York 6, N. Y.
President

Arthur C. Tosh..................Jersey City 2, N. J.
Vice President and General Manager in Charge of Operations and Maintenance

Don Y. Smith....................New York 6, N. Y.
Vice President in Charge of Freight Traffic

Ralph E. Thompson..............Jersey City 2, N. J.
Vice President in Charge of Accounting

William Kohler..................New York 6, N. Y.
Secretary and Treasurer

(All other general officers of The Central Railroad Company of New Jersey also are officers of the Central Railroad Company of Pennsylvania in the same capacity.)

General Offices

Navigation Building, Mauch Chunk, Pa.

Wharton and Northern Railroad Company

Directors

Carl W. Badenhausen
Ludwig R. Dohm
Walter P. Gardner
William Kohler
Judson C. McLester, Jr.
Earl T. Moore
Arthur C. Tosh

Officers

Earl T. Moore....................New York 6, N. Y.
President

Ludwig R. Dohm.................New York 6, N. Y.
Vice President

Arthur C. Tosh..................Jersey City 2, N. J.
Vice President in Charge of Operations

Don Y. Smith....................New York 6, N. Y.
Vice President in Charge of Freight Traffic

Ralph E. Thompson..............Jersey City 2, N. J.
Vice President in Charge of Accounting

William Kohler..................New York 6, N. Y.
Secretary and Treasurer

(All other general officers of The Central Railroad Company of New Jersey, except Passenger Traffic Officers, also are officers of the Wharton and Northern Railroad Company in the same capacity.)

General Offices

Terminal Building, Jersey City 2, N. J.

Mount Hope Mineral Railroad Company

Directors

Ludwig R. Dohm
Walter P. Gardner
Judson C. McLester, Jr.
Earl T. Moore
Ralph E. Thompson
Arthur C. Tosh
Thomas R. Walker, Jr.

Officers

Earl T. Moore....................New York 6, N. Y.
President

Ludwig R. Dohm.................New York 6, N. Y.
Vice President

Arthur C. Tosh..................Jersey City 2, N. J.
Vice President in Charge of Operations

Don Y. Smith....................New York 6, N. Y.
Vice President in Charge of Freight Traffic

Ralph E. Thompson..............Jersey City 2, N. J.
Vice President in Charge of Accounting

William Kohler..................New York 6, N. Y.
Secretary and Treasurer

(All other general officers of The Central Railroad Company of New Jersey, except Passenger Traffic Officers, also are officers of the Mount Hope Mineral Railroad Company in the same capacity.)

General Offices

Terminal Building, Jersey City 2, N. J.

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52B53
JERSEY CENTRAL LINES

Jersey Central Lines

Freight Traffic Agencies

Traffic Agencies are maintained by Jersey Central Lines as listed below, to serve the public and provide information concerning rates, routes and service. The nearest representative will, if given the opportunity, render you helpful service.

ALBANY 7, NEW YORK
W. D. Wakeman, General Agent
11 The Plaza—Phone Albany 3-4547

ALLENTOWN, PENNSYLVANIA
H. E. Garrison, Division Freight Agent
804-806 Allentown National Bank Building
Phone Allentown 6136

BOSTON 10, MASSACHUSETTS
C. H. McNab, General Agent
406-407 Chamber of Commerce Building
Phone Liberty 5320

BUFFALO 3, NEW YORK
C. R. Everding, General Agent
532 Ellicott Square
Phone Washington 1274

CHICAGO 3, ILLINOIS
C. H. Faupel, General Western Freight Agent
3324 Bankers Building, 105 West Adams Street
Phone Randolph 1816

CLEVELAND 14, OHIO
F. F. Siegel, General Agent
Room 407, Park Building
Phone Cherry 0968

DETROIT 26, MICHIGAN
E. P. Seiwert, General Agent
1859-61 National Bank Building
Cadillac Square—Phone Cherry 4396

LONG BRANCH, NEW JERSEY
A. L. Postlethwaite, Division Freight Agent
Phone Long Branch 486 Ext. 11

NEWARK 2, NEW JERSEY
E. T. Ginder, Division Freight Agent
Broad Street Station Building
Phone Market 2-5300

NEW YORK 6, NEW YORK
B. J. McSweeney, General Freight Agent
143 Liberty Street
Phone BArclay 7-9700

PHILADELPHIA 2, PENNSYLVANIA
F. H. Hicks, Asst. Genl. Freight Agent
Room 1020, Girard Trust Co. Bldg.
1400 South Penn Square
Phone Rittenhouse 7390

PITTSBURGH 22, PENNSYLVANIA
C. E. Armstrong, General Agent
Room 801-802, Park Building
Fifth Avenue and Smithfield Street
Phone Atlantic 7404

ST. LOUIS 2, MISSOURI
F. H. Witting, General Agent
1035-1036 Boatmen's Bank Building
Phone Central 4760

JERSEY CENTRAL LINES
CNJ

Don Y. Smith..................New York 6, N. Y.
Chief Traffic Officer—Freight (CRR of NJ)

Thomas H. Irwin................New York 6, N. Y.
Freight Traffic Manager (Service and Solicitation)

John F. Hourigan...............New York 6, N. Y.
Freight Traffic Manager (Rates)

James S. Watson................New York 6, N. Y.
General Coal Freight Agent

Jersey Central Lines

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THE COVER

The passenger conductor pictured on the front cover of this report is Mr. John J. Howley, who started his careeer with the Jersey Central Lines on August 6, 1906.

JERSEY CENTRAL COUPLER

Every month every one of some 10,000 employes of Jersey Central Lines receives at his home a copy of JERSEY CENTRAL COUPLER. On the opposite page is a reprint of the first page of the issue for June, 1948.

JERSEY CENTRAL LINES
COUPLER
THE BIG LITTLE RAILROAD
June, 1948
Vol. 5, No. 4

Chief Executive Urges Us to Buy Bonds Out of Pay

Another Report by E. T. MOORE, Chief Executive Officer

The Jersey Central Lines will institute a payroll deduction plan in August for the purchase of United States Savings Bonds in order to provide a convenient and systematic method for you to accumulate savings.

The advantages of saving through this plan are many, and I recommend it highly to all members of "The BIG Little Railroad" family. Most everyone realizes that we should provide a little reserve to help out in cases of an emergency or misfortune, and I know of no better way to build such a reserve than through this plan of saving.

Savings accumulated in this manner also can mean better education for your children, the educational benefits of travel, additional funds for the years of retirement and many other things that will help reduce your worries about the uncertainties of the future for you and your families.

A systematic method of saving, such as is provided for in the payroll deduction plan for the purchase of Savings Bonds, is the key to a brighter tomorrow. Without such a plan few of us manage to save anything for a rainy day or for the things that we will want and need later in life

The regular purchase of Savings Bonds also will help our government in its battle against inflation. Excess spending is one of the major causes of inflation, which, of course, means ever-increasing costs of living for everyone of us. Inflation must be retarded, and our government officers are agreed that the regular purchase of Savings Bonds is a weapon that can do much to help defeat it.

Under plans worked out by our Accounting Department, deductions for the purchase of Savings Bonds will be made once each month from the first

(*Continued on page 3*)

1948 Boat Ride Coming Up - - To Playland, September 12

The boats are chartered.
Tickets are on sale.
Arrangements are nearly complete.
Get your tickets now!

For what? The 1948 boat ride, no less. The seventh annual boat ride and outing for Jersey Central Lines' employes is all set for September 12, the Sunday after Labor Day. The Meseck Lines' AMERICANA and JOHN A. MESECK, the same two big excursion steamers used last year, already have been chartered to take employes to and from Playland, Rye Beach, N. Y. Another gala time was forecast as the committee in charge neared completion of arrangements.

There'll be a sea-breezy sail, music, dancing, contests, amusements, swimming, picnics, sports, relaxation — all rolled into one long-to-be-remembered day.

As last year, the last steamer will leave Dock 2, Jersey City Terminal, at 9:15 a.m. On the return trip the last boat will leave the Playland dock at 6 p.m., returning to Dock 2 probably not later than 8:30, allowing plenty of time for train-catching.

Completely ignoring the cost-of-living upswing, ticket prices remain the same: $1.50 for adults, 65c for children five to twelve.

This year the boat ride and outing is under the direction of Joe Lloyd, suggestion plan manager, who was elected to the general chairmanship of the outing committee, succeeding J. J. Duffy, personnel assistant to the chief operating officer, who found that the volume and nature of his regular duties would make it impossible for him to continue to head the group. In appre-

(*Continued on page 6*)

Second Semi-Annual Dinner Honoring Retired Employes Is Set for Oct. 30

Highlights for the second semi-annual dinner honoring recently-retired Jersey Central Lines' employes—plans for which already are well under way—include dancing and a better-than-ever "BIG Little Show" by the railroad's employes.

The gala evening is set for Saturday, October 30, 1948, in the big auditorium of the Elks Club at Elizabeth, N. J. As was the first such affair last April 24, the second is being planned and run by the JCL Veteran Employees Association under the direction of E. M. (Gene) Hart, the association's executive secretary-treasurer and the railroad's supervisor of employment and personnel.

The show and dancing, of course, will be in addition to the true feature event: the presentation of certificates and pins to the honored guests—retired employes invited free of charge—and the dinner itself.

Honored guests will include those employes who retired from active service with the company May 1, 1948, or after. Still another innovation in connection with the fall affair is that each guest will be invited to bring along with him or her one other person—wife, husband, daughter, son, sister, brother, or friend—also free of charge.

As a step towards making "The BIG Little Show" better than ever, Alfred L. Jenico, suggestion plan clerk and director of previous employe presentations, is putting out a call, effective immediately, for more employe talent to supplement the present nucleus. The accompanying "Entry Blank" is to en-

(*Continued on page 7*)

Jersey Central Lines

Financial results for the year

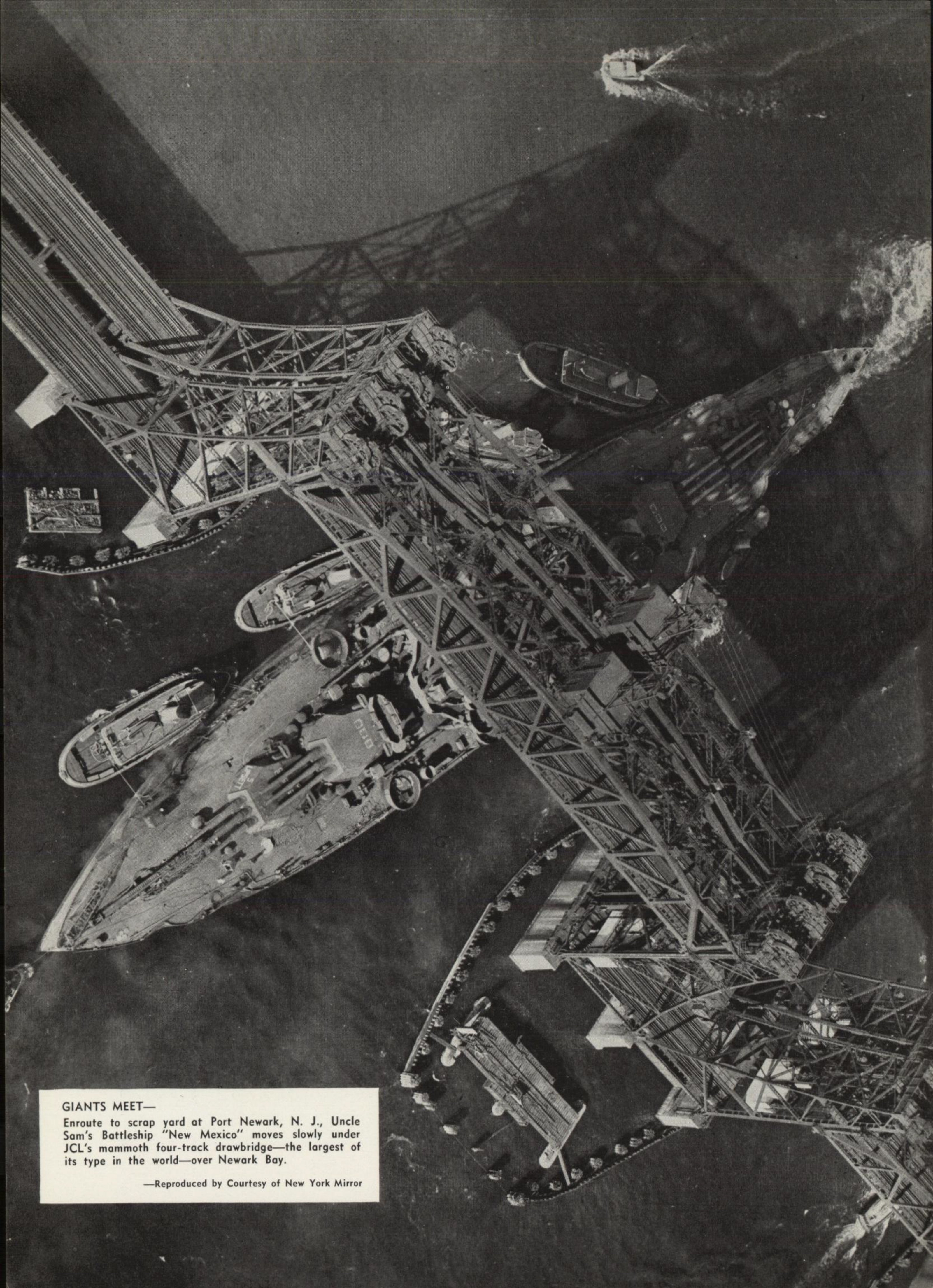
	In 1947	In 1946
The Lines received from freight, passenger and miscellaneous operation, a total income of	$56,106,077	$48,866,915
The cost of maintaining the property and operating the Lines was	46,001,133	42,688,218
Leaving a balance from railroad operations of	$10,104,944	$ 6,178,697
Federal, State and Local taxes required	5,692,477	1,845,135
Leaving a balance of	$ 4,412,467	$ 4,333,562
The Lines paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by them from these sources	1,077,007	1,125,890
Leaving an income from railway operations of	$ 3,335,460	$ 3,207,672
Other income derived from investments in stocks, bonds and miscellaneous items was	1,145,200	933,557
Making a total income of	$ 4,480,660	$ 4,141,229
Interest on equipment trust certificates and funded debt, rents paid for leased railroads and miscellaneous deductions totaled	4,999,307	4,881,413
Resulting in a net *deficit* of	$ 518,647	$ 740,184

(This report includes accounts and statistics for The Central Railroad Company of New Jersey, the Central Railroad Company of Pennsylvania, the Wharton and Northern Railroad Company, and Mount Hope Mineral Railroad Company, which are known collectively as the Jersey Central Lines. Tables dealing with the four railroads collectively are headed Jersey Central Lines, while those dealing only with the individual railroads are so designated.)

Jersey Central Lines

Financial position at end of the year

	On December 31, 1947	On December 31, 1946	Increase *or Decrease*
The Lines had investments in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars, and other fixed property of	$171,653,148	$166,777,062	$ 4,876,086
In addition the Lines had investments in stocks, bonds, notes of affiliated companies and other investments carried at . .	24,744,191	24,797,778	*53,587*
The Lines also had capital and reserve funds, miscellaneous physical properties and maintenance funds of	6,133,330	5,757,627	375,703
Total investments	$202,530,669	$197,332,467	$ 5,198,202
The Lines had cash and special deposits amounting to . .	$ 7,293,643	$ 6,124,568	$ 1,169,075
And temporary investments in U. S. Government notes . .	3,083,250	2,141,775	941,475
Other railroad companies and others owed the Lines . . .	12,253,314	12,024,674	228,640
The Lines had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	4,062,088	3,587,756	474,332
Deferred assets and unadjusted debits, including items owed to but not yet available to the Lines	21,840,459	20,281,701	1,558,758
The assets of the Lines totaled	$251,063,423	$241,492,941	$ 9,570,482
The Lines owed for materials, supplies, wages and Balances to other railroad companies and others, and interest, dividends and rents accrued but not due	$ 13,869,287	$ 11,090,487	$ 2,778,800
Taxes accrued, but not due	1,963,516	1,663,068	300,448
Reserves for insurance and deferred maintenance . . .	1,610,064	1,914,227	*304,163*
Reserve for depreciation of road and equipment and amortization of defense projects	46,472,492	47,654,830	*1,182,338*
Deferred liabilities, including items due to others, but not yet adjusted	16,910,127	16,267,797	642,330
The total of these liabilities, credits and reserves was .	$ 80,825,486	$ 78,590,409	$ 2,235,077
After deducting these items from the total assets there remained for the capitalization of the Lines, net assets of	$170,237,937	$162,902,532	$ 7,335,405
The capitalization of the Lines consisted of:			
Funded debt, including equipment trust obligations and bonds, etc.	$ 60,368,408	$ 55,294,029	$ 5,074,379
Interest in default on bonds	21,495,254	19,108,604	2,386,650
Common Stock	29,926,900	29,926,900	
Making a total capitalization of	$111,790,562	$104,329,533	$ 7,461,029
After deducting this capitalization there remained a surplus, largely invested in the properties, of . . .	$ 58,447,375	$ 58,572,999	*$ 125,624*



GIANTS MEET—

Enroute to scrap yard at Port Newark, N. J., Uncle Sam's Battleship "New Mexico" moves slowly under JCL's mammoth four-track drawbridge—the largest of its type in the world—over Newark Bay.

—Reproduced by Courtesy of New York Mirror

JERSEY CENTRAL
LINES

In addition to reporting the results of operation and the developments during 1947, we have attempted to embody in this Report certain current matters which we thought would be of great interest to security holders. These matters have been developing in stages throughout the current year and consequently the issuance of this Report has been delayed so that it might include certain important developments which have only recently taken place.

Jersey Central Lines

July 15, 1948

To the Bondholders and Stockholders of The Central Railroad Company of New Jersey:

The inflationary trend sweeping this nation is reflected in the financial results of the operation of your four railroads—The Central Railroad Company of New Jersey, Central Railroad Company of Pennsylvania, Wharton and Northern Railroad Company and Mount Hope Mineral Railroad Company—during the year 1947.

Primarily because of freight and passenger rate increases authorized by governmental agencies, after extended hearings, the total gross revenues of the four railroads rose to $56,106,077 in 1947 from a figure of $48,866,915 in 1946. Yet, despite this increase in gross revenues, your four railroads had a net deficit of $518,647 in 1947.

The rate increases have been instrumental in helping reduce the annual deficits of recent years, but they have not fully met the increased costs of operations. They have not kept pace with the increased "cost of living" of the railroads and in many instances the revenue rises have lagged far behind the increases in operating costs. As an example, it was not until January 1, 1947, that the railroads were given their first "permanent" freight rate increase since March 28, 1938. The increase averaged about 17.6% and it was months later before further relief was given.

A study by the Association of American Railroads shows that since 1939, the start of the inflationary period, freight rate increases granted have been only about half as much as the percentage by which railroad wage rates and the prices of materials, supplies and fuel have gone up. In passenger service, the study shows that rates have been advanced only about one-fourth as much as the average increase in the prices and wages a railroad must pay.

Also adding to the burden of your railroads are the substantial payroll taxes that must be paid under the terms of the Railroad Retirement Act and the Railroad Unemployment Insurance Act and the heavy taxes imposed by the State of New Jersey on railroads. New Jersey imposes a heavier tax on railroads than does any other State in the nation.

The total taxes of your four railroads during 1947 were $5,692,477 and of this amount $2,629,292 was paid out for payroll taxes and $2,759,544 to the State of New Jersey for property and franchise taxes. The subject of payroll and New Jersey taxes are discussed in detail in this report.

The operation of your four companies for 1947 showed these results:

The Central Railroad Company of New Jersey — A net deficit of $3,148,514 on gross operating revenues of $37,565,888.

Central Railroad Company of Pennsylvania —A net income of $2,412,216 on gross operating revenues of $18,209,996.

Wharton and Northern Railroad Company —A net income of $198,946 on gross operating revenues of $274,121.

Mount Hope Mineral Railroad Company—A net income of $25,263 on gross operating revenues of $56,071.

During 1947 the gross freight revenues of your four railroads totaled $48,165,661, as against expenses, taxes and fixed charges allocated to freight operations of $40,259,638. This gave your railroads a net profit of $7,906,023 in freight operations. Coal, the largest single commodity handled by the Jersey Central Lines, accounted for $16,185,615 of the gross freight revenues, compared to $14,521,008 for the previous year, thus giving us a gain for coal of $1,664,607. The anthracite revenues of the four roads for 1947 were $10,153,033 as compared to $9,760,165, while those for bituminous totaled $6,032,582 in 1947 as against $4,761,074 for 1946.

The four railroads also had a net income of $1,038,999 from non-carrier operations, such as income from securities and lease of property, in 1947.

However, profits from freight and non-carrier operations were wiped out by the increasingly heavy losses suffered in the operation of passenger service, more than 75% of which is devoted to commuter and suburban service. Our overall passenger revenues, which includes income from mail and express handled on passenger trains, totaled $7,940,416 in 1947, as against expenses, taxes and fixed charges allocated to passenger operations of $17,404,085. This left us with a deficit of $9,463,669 in the operation of passenger service.

These figures compared with overall passenger revenue of $7,782,190 in 1946, as against charges of $15,318,488, or a deficit of $7,536,298.

The increase in overall passenger revenues resulted from an approximate 20% increase in commutation fares effective May 27, 1946 and a further increase of about 28% effective September 21, 1947; an approximate 10% increase in straight fares effective June 1, 1947; a 25% increase in mail pay rates effective February 19, 1947, and added revenue received as the result of discontinuance of many non-profit commodity rates and rises in other express rates.

The following is a comparison of revenues from passenger operations:

	1947	*1946*
All Passenger Fares	$6,169,722	$6,494,093
Express Revenue	656,618	143,922
U. S. Mail Revenue	391,325	271,159
Other	722,751	873,016
Total	$7,940,416	$7,782,190
Commuter passenger fares included in "All Passenger Fares"	$3,147,461	$2,785,017

Passenger Fares

The commutation fare increases made effective September 21, 1947, under authority granted by the Interstate Commerce Commission and the New Jersey Board of Public Utility Commissioners, are expected to increase the annual revenues of the Central of New Jersey by about $755,000 annually.

Under the new commutation tariffs, which provide for an almost entirely new rate structure, four classes of tickets are being sold. They are:

Standard Monthly Commutation Ticket—Good for transportation on any day, Monday to Friday (except holidays), during the calendar months for which issued and for any number or rides for the person signing the ticket. This ticket was adopted because many industries along the railroad now operate on a five-day work week.

Unlimited Monthly Ticket—Good for transportation on any day during the calendar months for which issued and for any number of rides for the person signing the ticket.

Weekly Ticket—Good for transportation on any day during the calendar week for which issued and for any number of rides for the person signing the ticket.

Scholar Ticket—Good for transportation of scholar to whom issued for 46 rides in intrastate service during the calendar month for which issued.

The Standard Monthly, Unlimited Monthly and Weekly commutation tickets between points in the Central of New Jersey's suburban area (except to and from points on the New York and Long Branch Railroad) are of pass form, not requiring cancellation. The use of this type of ticket has enabled us to effect an annual saving of $52,211 in wage expenses formerly paid to extra employes assigned to passenger service for the purpose of cancelling the old type tickets, which required daily punching by conductors and trainmen.

Since the filing of tariffs which resulted in the commuter fare increases referred to above, the out-of-pocket cost of providing this service has increased over $1,000,000. In view of this, new commutation fare tariffs designed to produce approximately this amount of additional revenue were filed on June 4 with the Interstate Commerce Commission and the New Jersey Board of Public Utility Commissioners to become effective on July 5. Both agencies have suspended these tariffs and set them for hearings on July 29 and September 13, respectively. The increases proposed amount to an average of slightly less than 10c per ride with a maximum of 12c per ride.

On July 9, 1948, the Interstate Commerce Commission granted Eastern railroads a 20% increase in straight fare passenger rates and a 14.3% increase in parlor car rates. These increases, which will be put into effect on July 19, are expected to increase our annual gross revenues by about $600,000.

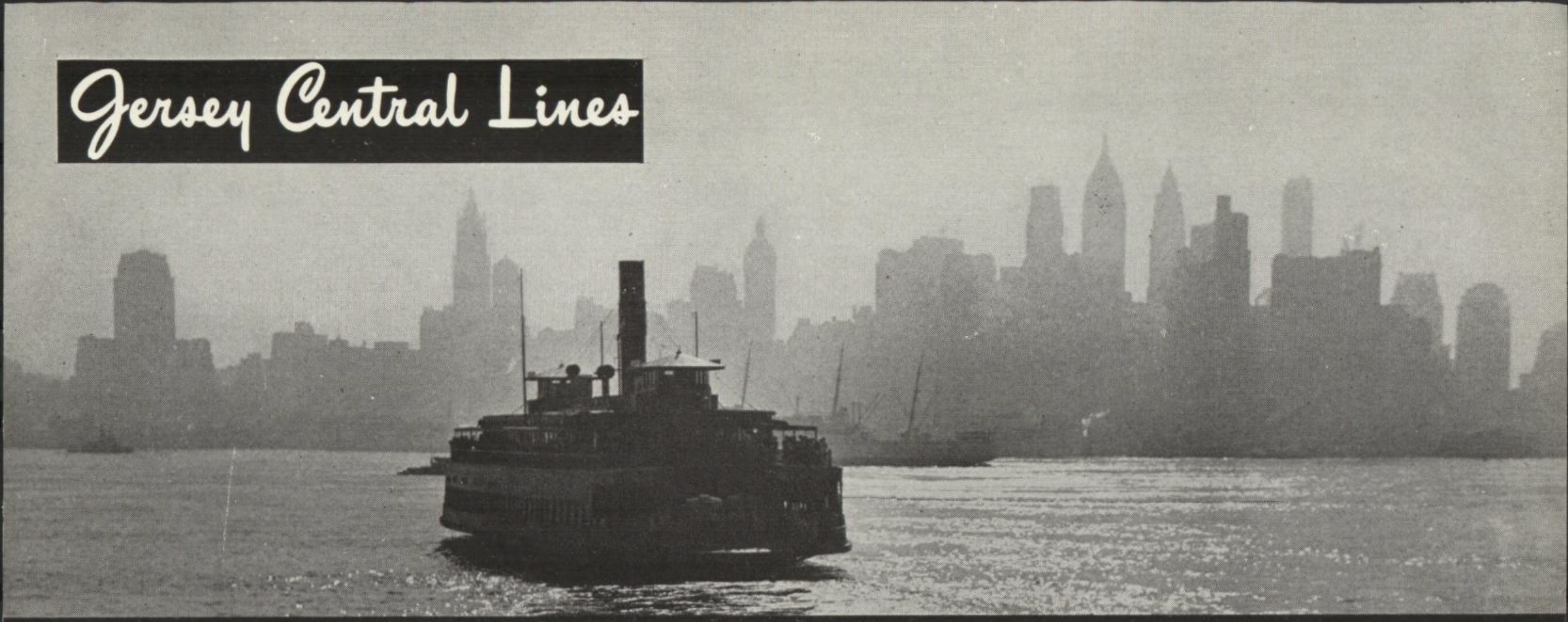
Freight Rates

On July 3, 1947, your railroads joined with many others in filing a petition with the Interstate Commerce Commission asking for a 25% increase, with some exceptions, in freight rates for the Eastern Territory because of greatly increased operating costs.

In the petition the railroads stated that if demands for wage increases then pending were allowed it would be necessary to request additional increases. Wage increases were granted non-operating employes effective September 1, and as a result a supplemental petition was filed on September 5, requesting a general increase of 38% in lieu of the 25% previously asked for.

In view of the urgent needs of the railroads, the I.C.C. then granted an interim increase of 10%, with some exceptions, on merchandise and an increase of 10 cents per net ton on

Jersey Central Lines



PASSENGER (INCOME $7,940,416) (OUTGO 17,404,085) LOSS $9,463,669

anthracite and bituminous coal, effective October 13, 1947.

Operating costs of the railroads were further increased through the granting of wage increases and working rule changes to conductors and trainmen, effective on November 1, and as a result the railroads filed a second supplemental petition on December 3, 1947. This petition asked for a general increase of 41% on merchandise in lieu of the 38% requested on September 5.

After this action, the I.C.C. granted a further interim increase in freight rates of 20% in lieu of the 10% previously granted and also permitted an increase of 20 cents per net ton on coal to take effect on January 5, 1948.

Later the I.C.C. authorized a third interim increase, effective on May 6, 1948, amounting to 30% on merchandise in lieu of the 20% previously granted and increases in anthracite and bituminous coal rates varying from 20 to 30 cents per net ton.

In granting the latest interim increases, the I.C.C. left the record open indicating that this is not their final decision.

Based on present traffic levels it is estimated that the 30% increase, after making allowances for exceptions, will increase our freight revenues by about $9,450,000 annually, which is $2,350,000 short of the amount asked for in the several petitions filed with the I.C.C.

Lighterage, Carfloatage Divisions

We are awaiting a decision from the Interstate Commerce Commission on the Central Railroad of New Jersey's request for higher divisions of joint freight rates received from connecting carriers for providing extensive lighterage and carfloatage services in New York Harbor and for an order requiring other harbor lines to stop accepting the present below-cost allowances for such services.

The Commission has before it reports of two of its examiners, who held extensive hearings on a complaint filed against other railroads by the Central of New Jersey on July 3, 1944, which recommend higher divisions and the issuance of such an order as asked for.

These recommendations would not allow the Central of New Jersey the full amount of the increases sought, but generally speaking, they call for an increase of about 150% in most lighterage allowances and a 45% increase in carfloatage divisions. Increases for both types of service would be based on a sliding scale depending on freight rates.

It is estimated that the increased divisions would mean from $500,000 to $1,000,000 in additional annual revenues for the company, depending on the volume of traffic. The increased divisions can be made retroactive to the date the complaint was filed with respect to those joint rates which have been fixed by the Commission. One Examiner recommended that the entire amount of the increases be made retroactive whereas the other Examiner recommended that only a portion of the increases be made retroactive.

At present the Central of New Jersey is receiving only about 25% of the costs of providing lighterage and carfloating service from its docks and piers on the Hudson River. This less-than-cost practice has been in effect for more than 50 years and it has been particularly disadvantageous to such short haul railroads as the Central of New Jersey. Railroads enjoying a long average haul can, for competitive reasons, afford to pursue the less-than-cost policies because a large part of the traffic they lighter or float both originates and is delivered on their lines and as to such traffic the separation of the allowance from the line haul revenue is of no significance.

The dispute over the allowances is with other railroads and rates paid by shippers are not involved in the complaint.

Wages and Salaries

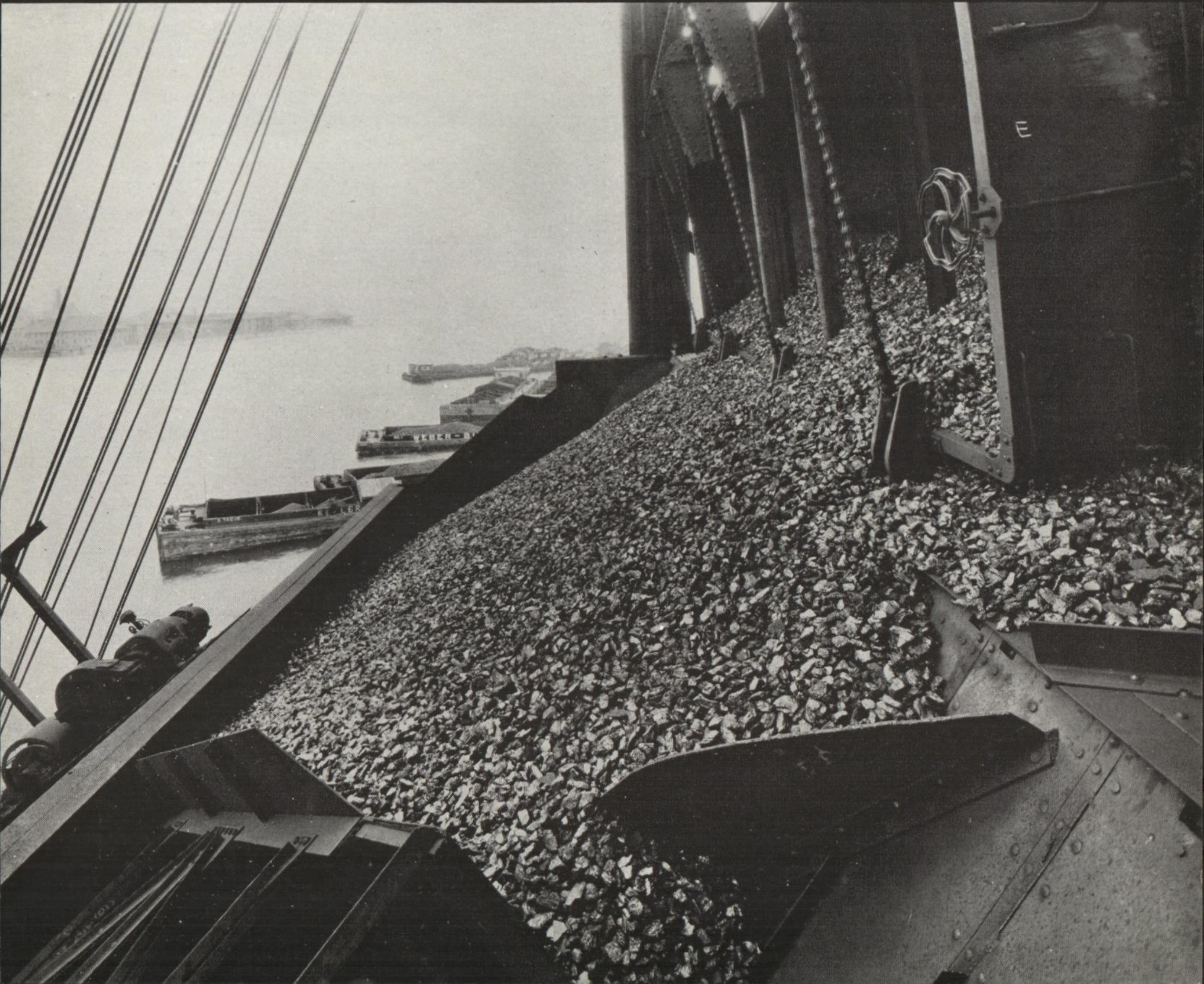
Your four companies paid $32,257,854 in wages and salaries during 1947, an increase of $1,472,457 over the previous year. The average number of employes on our payrolls during the past year was 9,689, a decrease of 221 from 1946.

The increase in the amount paid for wages and salaries was due to the 15½ cents an hour pay raise granted employes represented by 17 non-operating unions and those represented by two operating unions — the Brotherhood of Railroad Trainmen and the Order of Railway Conductors. The increase for the non-operating employes took effect on September 1, 1947, while that for the two operating groups went into effect on November 1, 1947. The two operating groups also were granted four working rule changes which took effect January 1, 1948.

The wage increases and working rule changes granted were the result of national negotiation and arbitration by the nation's major railroads. The non-operating unions had sought a 20 cent hourly increase, while the two operating unions had asked a 30% wage increase and 44 changes in working rules.

Jersey Central Lines

FREIGHT (INCOME $48,165,661) (OUTGO 40,259,638) PROFIT $7,906,023



An offer similar to that accepted by the Brotherhood of Railroad Trainmen and the Order of Railway Conductors also was submitted to the other three operating brotherhoods represented on the nation's railroads, but it was rejected by them. These three unions —the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Enginemen and the Switchmen's Union of North America—had made the same demands as the two operating unions that accepted the settlement reached through negotiation.

After declining the settlement offer, these three unions set a strike date for their members. In view of this action, President Truman, acting under the Railway Labor Act, appointed an emergency board to consider the case and to make recommendations for a settlement of the dispute. After extended hearings, the board recommended substantially the same settlement, including the 15½ cents an hour pay raise effective as of November 1, 1947, accepted by the other unions.

The recommendations were rejected by officials of the three unions and they called a strike for May 11, 1948. As the strike deadline neared, President Truman ordered government seizure of the railroads and directed the Secretary of the Army to operate the nation's railroads. The government obtained a federal court injunction against the strike which was then suspended by the officials of the three unions. On July 8 the dispute was settled when these three unions accepted virtually the same terms as those recommended by the emergency board. Shortly after, government control of the railroads was terminated.

On April 10, 1948, the 17 non-operating unions served new wage demands on the nation's railroads. They seek a 25-cents-an-hour wage increase; a 40 hour week with the same amount of pay as given for 48 hours; time and one-half for Saturday work, and double time for Sunday work.

New Jersey Taxes

Settlement of New Jersey Tax Litigation

On December 11, 1944, the Attorney General of New Jersey applied to the United States District Court for an order granting the Attorney General permission to sue the trustees of the debtor in an action to be instituted in the courts of New Jersey for a declaratory judgment to determine whether the debtor and its trustees had entered into a contract with the State of New Jersey pursuant to the State Tax Settlement Acts of 1941 and 1942, and whether such contract was binding on the parties thereto.

The District Court denied this application by Order No. 260. The Attorney General promptly appealed to the United States Circuit Court of Appeals. This appeal was held in abeyance until after the decision of the Supreme Court of the United States in *Gardner, Trustee v. New Jersey*, filed January 20, 1947, which held that the Bankruptcy Court could properly entertain all objections to the claims of the State, except those involving the valuations underlying the assessments and the validity of those assessments.

After the aforesaid decision of the Supreme Court of the United States, the Circuit Court of Appeals heard argument on the appeal from Order No. 260 above mentioned, and, on July 15, 1947, filed an opinion (one of the three Judges dissenting), reversing the District Court and holding that it should have granted the application of the Attorney General and referred to the State Courts the question whether there was a valid contract between the trustees of the debtor and the State under the State Tax Settlement Acts. The trustee promptly filed with the Supreme Court of the United States a petition for a writ of certiorari to review the judgment of the Circuit Court of Appeals reversing Order No. 260, and, on October 27, 1947, the trustee's petition for a writ for certiorari was denied.

Early in December, 1947, shortly after the petition for certiorari was denied, representatives of the Bondholders Committees opened negotiations with State officials to see whether it would be possible to compromise the claims of the State for delinquent taxes. These negotiations were reported to the trustee, his counsel and the Court, as a result of which negotiations were continuously conducted until March 29, 1948, not only with reference to settlement of the State tax claims filed in the proceeding, but also to secure relief for the future from the excessive New Jersey tax burden through obtaining the cooperation of Jersey City and the State in connection with the abandonement of properties that are not productive and are not needed in the operation of the railroad.

The total amount claimed by the State, including interest at the statutory rate of 1% per month, was alleged to be in excess of $31,000,000 less $15,250,000 paid on account by the trustee on May 6, 1946.

The interested parties finally agreed upon $25,000,000 as a settlement figure. This figure was determined by conceding that the State was entitled to the principal of its taxes with interest at the statutory rate of 1% per month to the date of bankruptcy but with a reduction to 6% per annum thereafter, and by the State conceding to the trustee certain other credits and adjustments which it had never previously conceded.

Thereafter on March 29, 1948, the trustee filed with the Court a petition for instructions whether he should be authorized and directed to compromise the claims of the State of New Jersey for taxes. The Court approved the settlement and the State's claims were allowed in the total amount of $25,000,000 less a credit of the above mentioned amount of $15,250,000 paid on May 6, 1946, and a further allowance of $178,593.50, representing franchise excise taxes against the earnings of the Central Railroad Company of Pennsylvania which were paid under protest pending disposition of an appeal from this assessment. This left a payment of $9,571,406.50 due the State and it was paid in cash on June 2. Upon receipt of the credit for franchise excise taxes against the earnings of the Central Railroad Company of Pennsylvania for the year 1947, the trustee discontinued his appeal from that assessment, in accordance with the Court's order.

New Jersey Railroad Tax Legislation

A Constitutional Convention was held in New Jersey in the Summer of 1947. A new Constitution was approved by the voters in November and became effective January 1, 1948. The new Constitution provides for the taxation of all real estate owned by the railroads, other than main stem property, at the same rate that other property in the several municipalities is taxed instead of at the lower rate under the railroad tax act which had been in effect since 1941. The Constitutional Convention memorialized the Legislature to enact a new railroad tax law to relieve the railroads of some of the burdens that the tax clause of the new Constitution imposed. The Legislature has adopted a new Railroad Tax Act under which it is calculated that the taxes of the Jersey Central Lines will be somewhat greater for 1948 than they would have been under the Railroad Tax Act of 1941. However, it is anticipated that taxes can be reduced substantially, commencing with 1949, by abandoning properties not needed for the operation of the railroad.

Payroll Taxes

The attention of bondholders and stockholders is called to the fact that the payroll taxes against the Jersey Central Lines for 1947 were $2,629,292.16 as against $1,889,530 for 1946. These payroll taxes were only $130,251.82 less than the burdensome New Jersey property and franchise taxes. These increased payroll taxes were due principally to an increase in the rate of tax and also to higher wage levels. The rate of retirement taxes on monthly wages of employes not in excess of $300 per month increased from 3½% to 5¾% effective January 1, 1947, and will be further increased to 6% in 1949 and to 6¼% in 1952. For financing unemployment benefits the railroad paid an additional tax of 3% on the same wages.

When it is considered that employers in other industries covered by the Social Security Act are paying for the purpose of financing retirement benefits a tax of only 1% on the wages of each employe up to $250 per month and that for the purpose of financing unemployment benefits they are paying additional taxes on the same wages which average only 1.7%, the burden on this and other railroads of the country is staggering. In fact, about 4.7% of your railroads' *gross* income in 1947 was used for "payroll" taxes.

So burdensome were the provisions of the Railroad Retirement and Unemployment Insurance Laws on the railroad carriers, shippers and passengers that the Railroad Retirement Act and the Railroad Unemployment Insurance Act were amended on June 23, 1948.

The amendment of the Railroad Unemployment Insurance Act substitutes new rates of tax to be paid by railroads under the said act with respect to compensation paid after December 31, 1947. Instead of the rate of 3% on wages not in excess of $300 a month, the amended act provides for a graduated tax scale ranging from ½% on such wages paid during a year when the balance in the Railroad Unemployment Insurance Account, on September 30th in the preceding year is $450,000,000 or more, to 3% on such wages paid during a year when the said balance on September 30th in the preceding year is less than $250,000,000. As the present balance in the Railroad Unemployment Insurance Fund now exceeds $900,000,000 the tax to be paid by railroads to finance unemployment benefits will be at the ½% rate for 1948 and for a number of years thereafter. This reduction in the Unemployment Insurance tax will result in a reduction of more than $700,000 in our payroll taxes for 1948.

The amendment of the Railroad Retirement Act increased by 20% the amounts of annuities and pensions payable thereunder to retired railroad employes, and restored the provisions with respect to the payment of a lump sum death benefit which was provided for in the Railroad Retirement Act of 1937 and which was eliminated by the Crosser Act Amendments in 1946. Though benefits under the Rail-

NIGHT SCENE at Jersey Central Lines' Elizabethport yard shows 1947's "Big Snow" shortly after it started. Before it was through, the fall measured over 20 inches. JCL snow-fighters kept freight and passengers moving.

road Retirement Act were increased, there was no increase in the tax upon either the employes or the railroads.

Reorganization Plans

Plans Proposed Under Section 77 of the Federal Bankruptcy Act

Bondholders represented by the "Institutional Group," "Watters Committee" and "Brooks Committee" submitted to the I.C.C. in the Spring of 1947, a plan for reorganization of The Central Railroad Company of New Jersey.

The Plan proposes a "New Jersey Company" to operate the properties in New Jersey and New York, a "Pennsylvania Company" to operate the properties in Pennsylvania, and a "Parent Company" which would own all the stock of the operating companies.

The New Jersey Company would issue 100,000 shares of common stock without par value and $40,000,000 principal amount of its General Mortgage Income Bonds, all of which would be pledged as security for the Parent Company's general mortgage.

The Pennsylvania Company would issue 100,000 shares of common stock without par value and $20,000,000 principal amount of its General Mortgage Income Bonds. All of the Pennsylvania Company's stock and $10,000,000 principal amount of its General Mortgage Income Bonds would be pledged as security for the Parent Company's General Mortgage.

Under the Plan the outstanding publicly held securities of the three companies would consist of the following:

Pennsylvania Company General Mortgage Income Series A Bonds	$20,000,000.
*Parent Company's General Mortgage Income Series A Bonds	$20,000,000.
Parent Company Preferred Stock (100 par value) dividends accumulated to the extent earned	$15,000,000.
Parent Company Common Stock (no par)	300,000 shares

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*Convertible into Parent Company Preferred stock at the rate of 10 shares for each $1,000 principal amount.

All of the securities provided for in the Plan would be issued to the holders of The Central Railroad Company of New Jersey's General Mortgage Bonds and the holders of that Company's common stock would receive nothing.

Other features of interest in the Bondholders' Plan include a provision relating to suburban passenger service and a provision relating to the rental for the Pennsylvania lines.

Article III of the Plan provides that the obligation of the New Jersey Company to furnish suburban passenger service shall be modified so that if the net out-of-pocket loss on such service should exceed $1,000,000 during any 24 months' period, the Company may discontinue such portion of, and make such rearrangements in, such service as may be necessary to reduce the loss to an amount not in excess of $500,000 annually. This provision has been objected to by the State of New Jersey, the New Jersey Board of Public Utility Commissioners, and the Intermunicipal Group representing numerous communities.

Article IX of the Plan provides that the rental payable to the Lehigh Coal and Navigation Company for the leased lines in Pennsylvania shall be reduced to $1,330,000 a year, a reduction of approximately $1,000,000 annually. The Lehigh Coal and Navigation Company has objected to this provision on the grounds that the present rental is not excessive and that, in any event, the Bankruptcy Act does not authorize reduction of the rental without the lessor's consent.

Hearings on the Plan were held before the Commission on July 1, 2, September 30, October 1, December 1, 2, 3, 1947 and March 9 and 10, 1948.

The Debtor has filed a tentative plan of reorganization. This plan consists primarily of a statement of objections to, and departures from, the Bondholders' Plan and the Debtor has reserved the right to amend by filing a complete plan at some future date.

The more important features of the Debtor's plan are objection to the elimination of the common stock and a suggestion that the Debtor's property might be more valuable if its stock were owned by a connecting carrier so as to give that connecting carrier an incentive to route traffic over the Debtor's lines.

Plan Proposed Under the "Mahaffie Act"

On July 6, 1948, The Central Railroad Company of New Jersey filed a petition with the District Court for permission to try to reorganize under the so-called "Mahaffie Act." On July 14, 1948 the District Court entered an order granting such permission and the proceedings with respect to the plan under Section 77 were thereby automatically suspended.

Under the plan which was filed with the District Court the principal amount of the $48,731,000 General Mortgage Bonds outstanding in the hands of the public would be undisturbed but, effective January 1, 1949, the interest rate on all such bonds would be reduced to 3¼%. The aggregate annual interest charge would thereby be reduced from $2,386,650 to $1,583,758, a reduction of $802,892.

On August 2, 1948, the Trustee, pursuant to order of the District Court, will pay one year's interest on the outstanding General Mortgage Bonds. After such payment nine years' interest, aggregating $21,495,250 will remain unpaid at January 1, 1949. The plan provides that all cash and all cash proceeds available for distribution from the assets of the company and its subsidiaries, after the deduction of $4,000,000 for cash working capital, shall be applied toward the payment of interest. The plan states that it is anticipated that there should be cash sufficient to provide $200 for each $1,000 General Mortgage 5% Bond and $160 for each $1,000 General Mortgage 4% Bond or an aggregate of $9,561,900. Interest certificates upon which no interest will be payable will be issued in satisfaction of the interest in excess of that paid in cash. Upon the assumption as to the amount of interest to be paid in cash used in the plan these certificates will be issued in the aggregate amount of $11,933,350.

As compensation for reduction in the interest rate as provided in the plan, 50% of the common stock of the Company will be issued to the holders of General Mortgage Bonds. To accomplish this the number of shares (274,368) presently outstanding will be doubled and the par value of all shares would be reduced from $100 to $50 per share. The shares of common stock to be issued to the General Mortgage bondholders will be designated Class "A" and the presently outstanding shares will be designated Class "B." The shares of the two classes shall rank equally in all respects except:

(a) holders of Class "A" stock shall be entitled to elect four directors and holders of Class "B" stock shall be entitled to elect five directors to serve during the period of six years following the date as of which the plan is consummated.

(b) if, following the expiration of the six year period, any interest certificates shall remain outstanding at each election of directors thereafter until all interest certificates have been retired, holders of Class "A" stock shall be entitled to elect five directors and holders of Class "B" stock shall be entitled to elect four directors.

Upon the expiration of the six year period or the retirement of all interest certificates, whichever shall occur later, the two series of stock shall be treated as a single class.

The plan provides that available net income, as defined therein, for each calendar year shall be applied as follows:

(1) Until all interest certificates have been retired 50% of available net income shall be applied to the retirement of interest certificates. The remaining 50% of such available net income may be used for additions and betterments and to the extent not so used in any year may be accumulated in a capital fund in an amount not to exceed $2,500,000 but once such fund has reached $2,500,000 any part of such 50% not required for current additions and betterments shall be used to retire interest certificates.

(2) After all interest certificates have been retired and until the amount of outstand-

ing General Mortgage Bonds shall have been reduced by one half, 50% of available net income shall be applied to the retirement of General Mortgage Bonds and the remainder shall be applied in the following order:

(i) for capital improvements,

(ii) to payments into the capital fund, if that fund be less than $2,500,000, to the extent sufficient to restore the amount thereof to $2,500,000, and

(iii) for any other corporate purpose.

(3) After the outstanding General Mortgage Bonds shall have been reduced by one half, an amount of available net income equal to the lesser of 1% of the principal amount of General Mortgage Bonds then outstanding, or 25% of available net income shall be applied to the retirement of General Mortgage Bonds and the remainder may be applied for any other corporate purpose.

The capital fund which is to be set up from available net income may be applied to the payment of fixed charges to the extent that fixed charges shall exceed the income available therefor in any year and to provide for capital improvements to the extent that any other funds shall not be available therefor.

The General Mortgage will be made "open end" to provide a financing medium for the future and the lien thereof will be extended to cover all property and assets owned by the Company. The General Mortgage will contain a provision whereby the proceeds of sales of land, consisting of approximately 2,000 acres and commonly known as the "meadow land" partly owned by Communipaw Central Land Company or its subsidiaries and partly owned by the Company or its subsidiaries or its trustee in reorganization, may be used, to the extent of $2,500,000, for additions and betterments by the Company or any wholly owned transportation subsidiary, the expenditures for which are authorized or appropriated prior to December 31, 1949. Any remaining proceeds from such sales shall be paid into the Capital Fund if the amount then to its credit shall not equal $2,500,000 and any additional proceeds not so used shall be deposited with the trustee under the General Mortgage and applied to the retirement of General Mortgage Bonds.

If this plan is approved by the Interstate Commerce Commission it will be necessary to obtain assents of 75% of each class of security holders in order for it to be put into effect.

Diesel-Electrics

As related in previous Annual Reports, your railroads have been expanding their use of diesel-electric locomotives, and during 1947 five 4,500-horsepower road freight locomotives of this type purchased from the Electro-Motive Division of General Motors were placed in service.

The use of diesel-electric power in both passenger and freight service is as efficient as was anticipated, and further use of this type of power is planned as a replacement for steam locomotives.

At the end of 1947 we had in service the following diesel-electric locomotives:

Three Baldwin Locomotive Works' passenger locomotives of 2,000 horsepower each.

Five Electro-Motive road freight locomotives of 4,500 horsepower each.

Thirty-one yard-switching locomotives, of various manufacture, of from 300 to 1,000 horsepower each.

Here is a one-month comparison (September, 1947) of what was accomplished with diesel-electric power as compared to steam power:

Passenger Service

	Steam	*Diesel-electric*
Locomotives in service	84	3
Train miles	193,124	28,369
Train miles per locomotive	2,299	9,456

Road Freight Service

Locomotives in service	42	5
Gross ton miles	295,167	187,292
Gross ton miles per locomotive	7,028	37,458

Yard Service

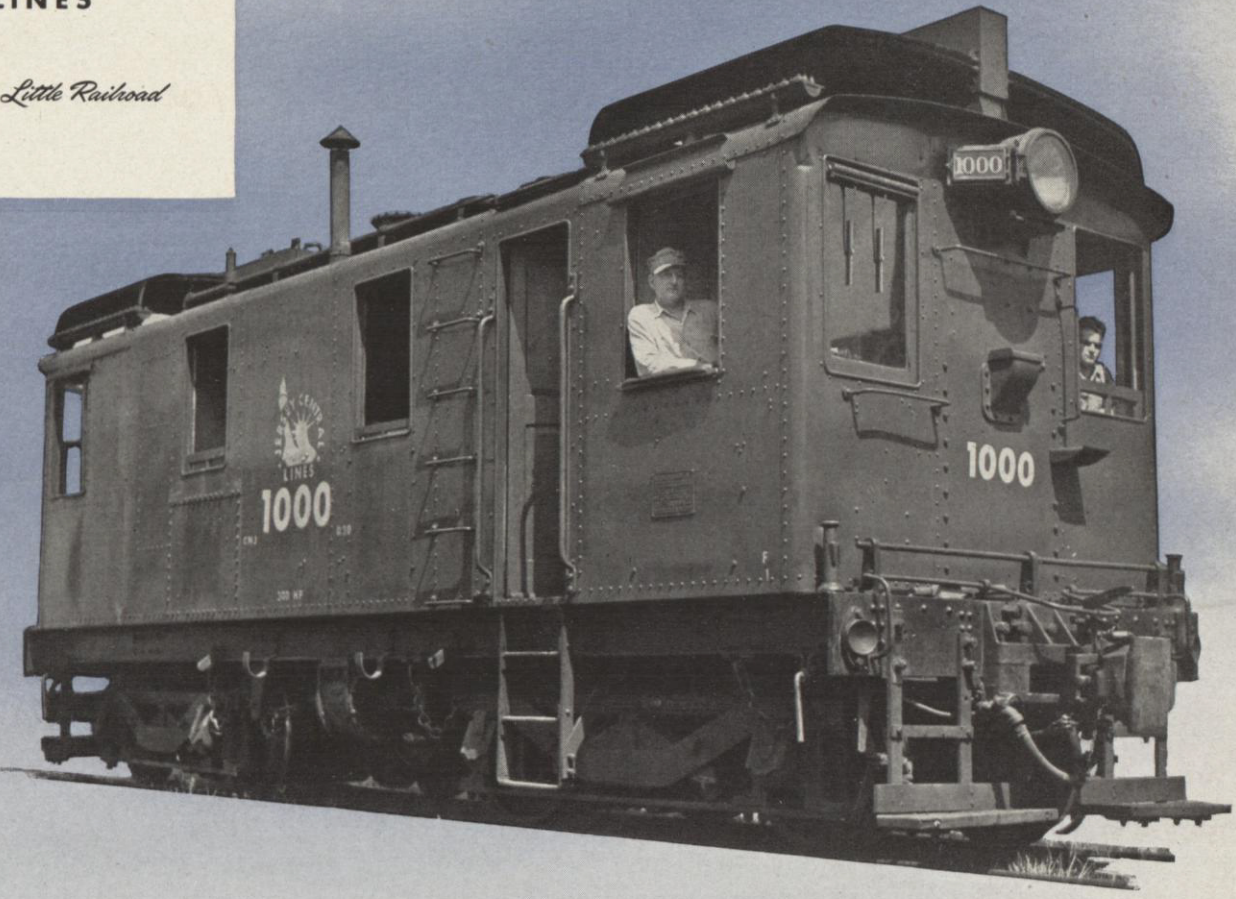
Locomotives in service	111	29
Yard engine hours	35,566	16,766
Yard engine hours per locomotive	320	578

This summer three additional 2,000-horsepower Baldwin passenger locomotives and five 4,500-horsepower Baldwin road freight locomotives will be added to our fleet of diesel-electrics.

Studies also are being progressed contemplating the purchase of a number of 1,500-horsepower diesel-electric locomotives designed for use in passenger, freight transfer and switching service. This purchase would permit complete substitution of diesel-electric power for steam power at one of our largest outlying engine terminals.

JERSEY CENTRAL
LINES

The **BIG** *Little Railroad*



America's First Diesel-Electric Locomotive

. . . placed in service by the
Jersey Central Lines in 1925

Dieselization!

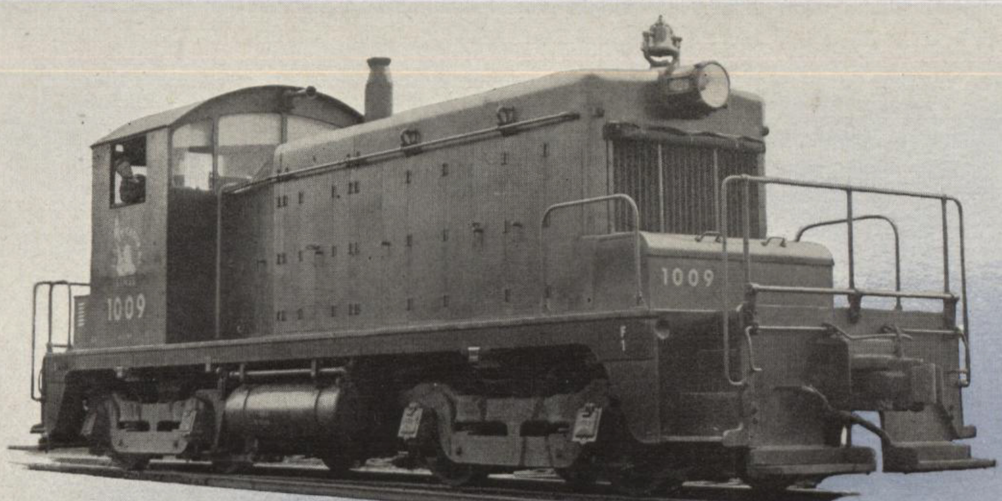
That one word epitomizes the big swing in railroading in 1947, when United States' railroads made diesel news.

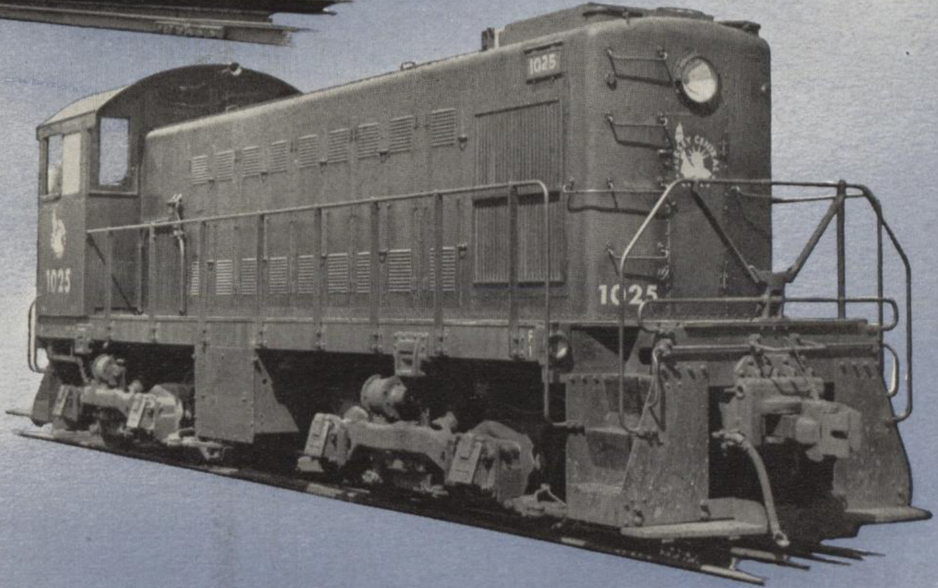
But the Jersey Central Lines has been making diesel news since 1925.

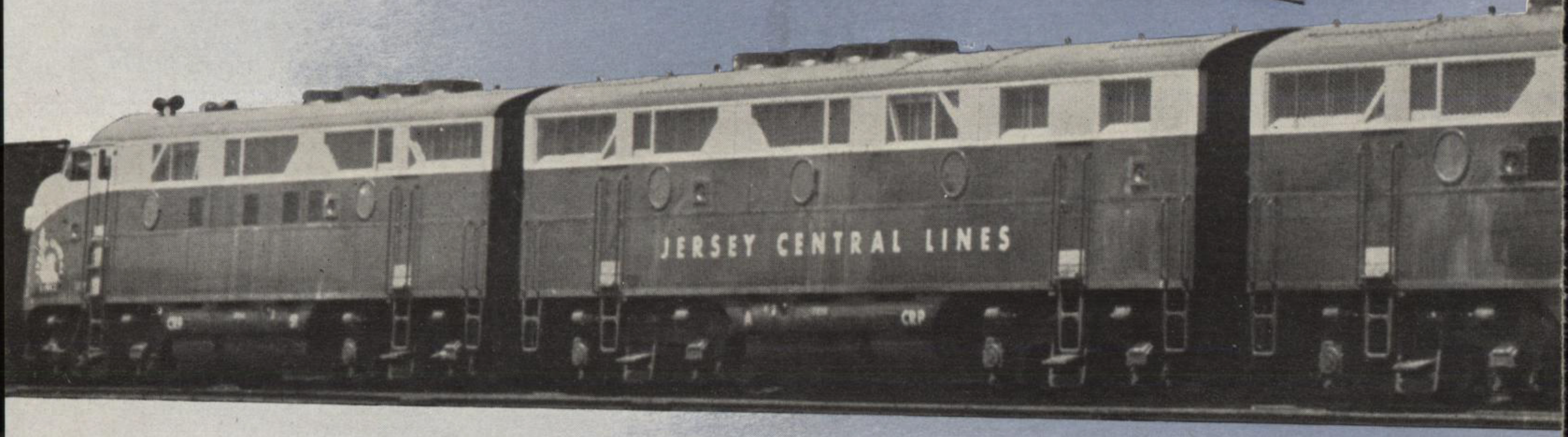
Jersey Central Lines was the first railroad in the United States to buy a diesel-electric locomotive. That locomotive (shown above), of 300 horsepower and known on the road as No. 1000, was bought in October, 1925, from Ingersoll-Rand Company, and it still is in daily service at our Bronx (N. Y.) Terminal. Today more than 50% of our freight traffic and a considerable portion of our passenger traffic is moved by modern diesel-electric power.

It is the cumulative effect of such pioneering, of year-in and year-out performance, that has won for the Jersey Central Lines the appellation:

The BIG Little Railroad!



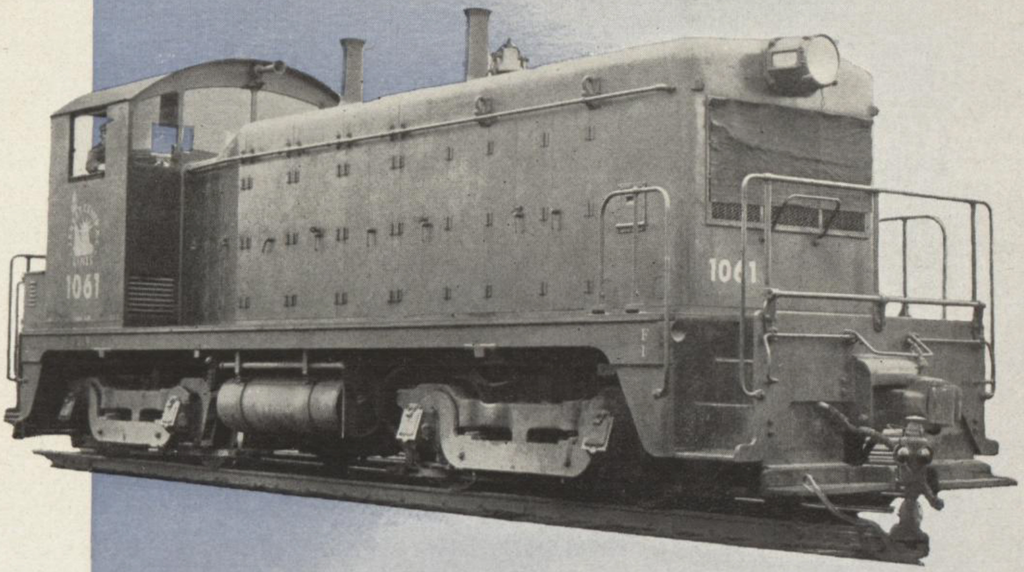




. . . and here are the Jersey Central Lines' newest road diesel-electrics. The big 151-foot-long three-unit locomotive (directly above) packs 4,500 horsepower beneath its sleek orange and blue exterior, hauling up to 150-car freight trains. At the right is one of the Jersey Central Lines' unique 2,000 horsepower single-unit double-end diesel-electrics used in suburban passenger service. These locomotives are the first of their kind to be used by any railroad in the nation for this type of service.

Versatile!

That's the word for Jersey Central Lines' growing fleet of diesel-electric motive power. The three locomotives shown at the top of these pages are ever-working yard switchers, each of a different horsepower for its own specific job. Twenty-eight other yard switchers, ranging from 300 to 1,000 horsepower each, also are part of the diesel-electric fleet. . . .



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The Modern System of Electrification

The Jersey Central Lines' fleet of diesel-electric locomotives gives it the most modern system of railroad electrification. Storms and winter ice cannot interfere with the system, for it is not dependent on overhead wires or third rails. The diesel-electrics, which generate their own power, can operate anywhere there is a railroad—and they do.

Diesel-electrics also have many other advantages, including economies in operation, and they give fast, efficient service. The work of the present fleet, of 15 road freight locomotive units of 1,500-horsepower each, three passenger locomotives and 31 yard-switchers, have been so good that more diesel-electrics will be added shortly. The 1,500-horsepower road freight locomotive units are operated in combinations to produce 3,000-horsepower or 4,500-horsepower for each locomotive.

Before the summer of 1948 is over, three more of the 2,000-horsepower passenger locomotives and 15 more 1,500-horsepower freight locomotive units will be in service on the Jersey Central Lines.

In addition to this, studies are being pursued involving the purchase of a fleet of 1,500-horsepower diesel-electric locomotives that can be used in passenger, freight and yard service.

2001
JERSEY CENTRAL LINES
2001
JERSEY CENTRAL LINES

Diesel-Electric Service and Repair Facilities

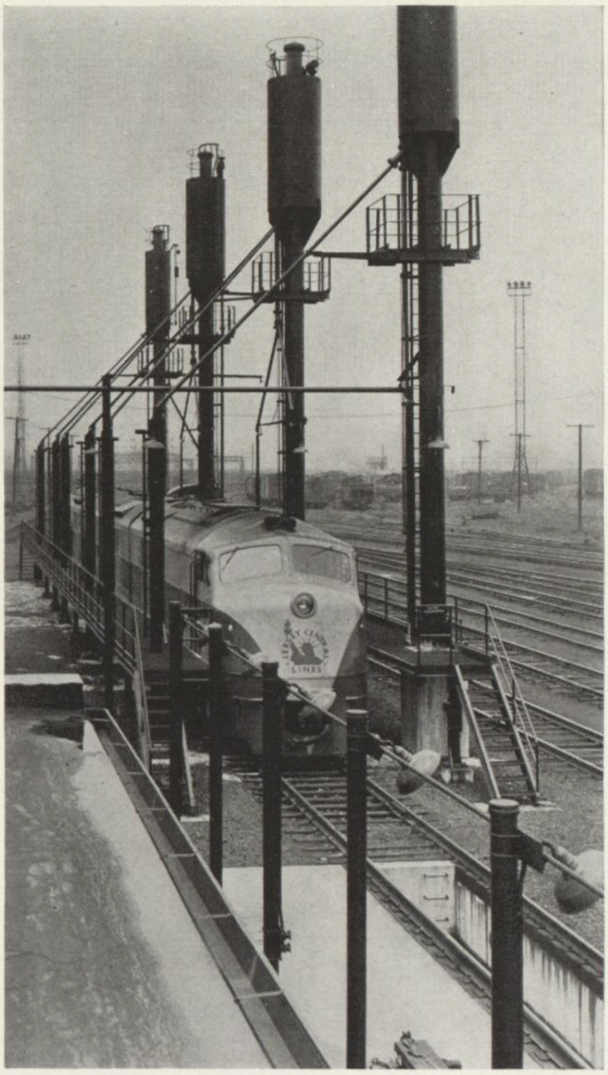
With the continuing substitution of diesel-electric for steam motive power, it has been necessary to provide special facilities for the servicing and repairing of this type of equipment. To handle running inspections and servicing, facilities have been built near the Communipaw Engine Terminal in Jersey City at an approximate cost of $210,000. This facility, placed in operation during June, will accommodate all types of diesel-electrics now in use and to be in use on your railroads. It provides a complete high-speed, economical production-line method of readying locomotives for their next runs or assignments.

For major repairs and overhauling of diesel-electrics, special equipment and facilities are being constructed in the easterly end of the locomotive erecting shop at Elizabethport, N. J., at an estimated cost of $850,000. It is expected that part of the facility will be available for service this Fall and that the entire installation will be ready for use by the Spring of 1949.

Passenger Stations and Coaches

Our program of modernizing the interior of passenger coaches and some of our more important suburban stations is progressing. Four sample coaches with entirely new interior decorations, including upholstery in latest post-war nylon fabrics, new lighting, attractive color scheme and improved seating arrangement were presented for public inspection during June 1948. The public was asked to assist in selecting one of the four sample coaches as a standard for interior treatment of our passenger coaches by filling out a questionnaire. When this standard has been selected, all coaches will be given this treatment as they are being periodically overhauled in our Elizabethport shops. This is a long-range program which will insure modernization of the interior of all of our passenger coach equipment during the normal repair cycle of about eight years and will be accomplished for approximately the same cost as that for maintaining passenger coaches at our previous standards.

The modernization of the interior of the West 8th Street Bayonne Passenger Station is nearing completion. Here also are being applied new and modern materials selected with the objective of presenting an attractive appearance, with maximum utility and minimum future maintenance costs.



DIESEL service station at Jersey City.

Automatic Crossing Gates

In an effort to reduce grade crossing accidents, your railroads installed their first automatic crossing gates during 1947. The first installation was made at Flemington Road, White House, N. J., and the gates went into operation on December 19, 1947.

Since then automatic gates have been placed at the Readington Road crossing in North Branch, N. J., the Woodbridge Avenue crossing in Sewaren, N. J., and at the Elm Street crossing in Scranton, Pa. The gates now in use have proved highly successful, and further installations are being considered.

All of these automatic gates have replaced manually-operated gates, which are not completely successful in preventing disastrous crossing accidents because of man failures. Statistics show that there never has been an

RAIL ROAD CROSSING
3 TRACKS
STOP ON RED SIGNAL

AUTOMATIC crossing gates at White House, N. J.

accident at a crossing protected by the type of gates installed on your railroads.

These automatic gates are painted a gleaming red, white and black combination and are equipped with flashing lights that function 35 times to the minute. For added protection there also is a continuously-lighted lamp on the end of the gates when they are down and a bell system.

When a train approaches a crossing, the bells and the lights go into action and five seconds later the gates start to descend. It takes the gates 10 seconds to lower completely, and when fully down the bells stop ringing, but the lights continue to flash. After a train has passed, the gates swing up and the lights go out. In the event of commercial power failure, the gates operate by storage battery.

Other New Equipment and Other Improvements

Within the past year 1,250 new 50-ton box cars and 125 new 70-ton cement hopper cars were delivered to your railroads and placed in service. Twenty of the box cars have been specially equipped for use on passenger trains so they can be used for handling express shipments or mail during peak seasons. When not needed for this purpose they are used for less-than-carload merchandise shipments between stations on our line.

We also are building eight covered ore hopper cars for ourselves and 20 additional for the Lehigh and Hudson River Railway in our freight car shops at Elizabethport.

In January, 1947, several new operations were started at the Central of Pennsylvania's shops in Ashley, Pa., to handle work formerly performed for us by the Reading Company at Reading, Pa. With the use of these new facilities, it is no longer necessary to ship materials from Allentown to Reading and return, with resulting shipping charges. Other savings also have been effected by this change.

The new installations, all placed in existing buildings, include facilities for reclaiming freight car brake beams and train line air hose, and machinery for grinding and repairing train line angle cocks. Facilities also were installed at Ashley during the past year for cleaning and repairing of "AB" brake valves, an operation made necessary by an Interstate Commerce Commission order making it mandatory to place such brakes on all freight cars.

To expedite the switching of freight cars at Allentown, Pa., the site of the Jersey Central Lines' second largest freight classification yard, two-way radio communication has been installed on two diesel-electric yard engines and at the westbound hump yard office. The use of radio enables the Yard Office to communicate directly with enginemen in the locomotive cabs. This system speeds up operations and it has proved to be less expensive and more dependable than visual signals.

Seven of the Central of New Jersey's tugboats used in New York Harbor and the Marine Dispatcher's Office, Jersey City Terminal, also are being equipped with radio to provide direct water-land communication. This installation will improve operations and result in economies.

Terminal Operation Studies

Our studies contemplating extensive changes in terminal operations to effect greater operating economies and to improve our service to our patrons are continuing. We are also cooperating with the Port of New York Authority in extensive studies, instituted by the New Jersey State Administration, involving possible extensive changes in passenger handling facilities on the Central of New Jersey and other railroads operating in the Newark-New York area and involving also extensive water-front developments along the New Jersey shore of New York Harbor.

Industrial Development

During 1947 our Industrial Department was instrumental in having 74 new industries, with an annual potential yield of 10,110 carloads of freight, locate along the Jersey Central Lines.

In addition, 22 concerns, already established along the lines of your railroads, either initiated or completed plans to expand their plant facilities. These expansions are expected to increase our annual traffic from these plants by 4,310 cars.

During this same year 18 firms, with an aggregate annual volume of 1,576 carloads of freight, either dissolved or removed their operations from along the Jersey Central Lines. Thus we had a net gain of 56 industries and 12,844 carloads of freight as the result of industrial development in 1947.

Present indications point to continued success in the field of industrial development in 1948 with a resulting increase in our freight tonnage. Building material shortages prevented several large firms from going ahead with construction last year, but they are expected to be in operation before the end of 1948.

Newark-New York Branch

On May 6, 1948, the Central of New Jersey, under authority granted by the Interstate Commerce Commission, officially abandoned that part of its Newark-New York Branch between Communipaw Avenue Station and Kearny.

The I.C.C. authority was given in an order entered March 26, 1948, following extensive hearings which established that operation of this segment of the branch had resulted in substantial out-of-pocket losses because of a steady decline in the number of passengers using it and because of rising taxes and costs of operation. The abandonment will effect a saving of out-of-pocket losses estimated at between $79,000 and $149,000 annually.

In addition, if the abandonment had not been permitted, the railroad also would have been faced with substantial expenditures and other annual out-of-pocket losses because of an order issued by the War Department directing that a new bridge be constructed over the Hackensack River on the Newark-New York Branch.

The abandonment of this part of the line, which was opened for operation in 1869, will not affect either passenger or freight service now given over the branch between Newark and Kearny or freight service rendered industries located anywhere along the line, including the portion of the line abandoned. A single industrial track will be maintained for freight service on the Jersey City portion of the abandoned branch.

Direct service from Newark to the Jersey City Terminal over the branch had not been available since February 3, 1946, when two spans of the railroad's bridge over the Hackensack River between Kearny and Jersey City were knocked into the river by a steamship. Subsequent to that accident and until the effective date of the abandonment the railroad operated shuttle train service between West Side Avenue and Jersey City Terminal.

Elizabeth-Newark Meadow Properties

The Port of New York Authority has entered into a lease with the City of Newark for the development and operation of Newark Airport and Port Newark Tidewater Terminal, both of which are served directly by the Jersey Central. Plans announced by the Port of New York Authority for expansion of Newark Airport contemplate the acquisition of a considerable acreage of property owned by the Central of Jersey and subsidiaries in the Elizabeth-Newark Meadows adjoining the Airport.

Property Sales

Continuing our policy of selling all buildings and real estate which are not essential to the operation of your four railroads, 44 properties aggregating about 110 acres were sold during 1947 and early 1948 for a total consideration of $2,015,994. On many of these properties we had been incurring annual deficits, chiefly because of heavy taxation.

Two of the structures sold were the Newark Warehouse at Newark, N. J., and the Central Railroad of New Jersey's office building at 143 Liberty Street, New York, N. Y., which is known as the Central Building. The Newark structure was sold for $825,000, and the Central Building for $850,000. Both were cash transactions.

Many of these properties, including the Newark Warehouse, were sold to firms which will ship considerable freight traffic over our lines.

Under terms of the sale of the Central Building, which was concluded on February 13, 1948, the Central of New Jersey will lease from the new owners, 143 Estates, Inc., for a period of ten years, the space in the structure which it has been using.

With the sale of the Central Building, we are preparing to make studies as to the desirability of constructing a new office building in a low-tax area along our line for the purpose of housing departments now located in New York, Jersey City and other municipalities in the metropolitan area.

Public and Employe Relations

In the latter part of 1947 Jersey Central Lines adopted a new slogan—"The BIG Little Railroad"—and shortly thereafter had a sound-color motion picture produced bearing that title.

Adoption of the slogan was decided on because experience through the years has proved that Jersey Central Lines are big enough to handle all the transportation needs of the great industrial, farming and mining areas it serves and yet small enough to give highly-important personalized service to our patrons.

The record of your railroads—both in peace and in war—has been a good one, but we do not intend to rest on those laurels. A determined effort now is underway to further improve the services of the system and of its relations with the public.

This determination was the major reason for producing the sound-color motion picture, which takes one on a 25-minute trip, the running time of the film, over the properties of the Jersey Central Lines in Pennsylvania, New Jersey and New York Harbor.

The picture is designed to better acquaint our employes and the general public with the services performed by your railroads and the reception given the picture has been excellent.

The initial showings of the film were made before groups of our employes, their families and friends at meetings held at many places along the lines of your railroads. At each meeting, brief talks were given by officers on the need for ever-improving relations with the public and for safety on the job. Some of our more talented employes also entertained at the showings.

The employe showings of the film have been completed and we are now busy showing the film before civic, business, industrial, school groups and similar organizations.

Commencing January 1, 1948, we inaugurated a plan to honor men and women retiring from active service with the Jersey Central Lines. Under this plan, the Jersey Central Lines Veterans Employees' Association arranges semi-annual dinner-shows at which engraved certificates of appreciation and "Honorably Retired" lapel pins are given the retired employes.

More than 400 persons attended the inaugural affair in Elizabeth, N. J., on April 24, and the next one is scheduled for October 30, 1948.

As a means of better serving the public, an extensive public address system was installed at the Central of New Jersey's Elizabethport (N.J) station early this year for the broadcasting of train information. The station is the largest passenger transfer point on the Jersey Central and train connections can be made there for almost every point on the system.

The public address system consists of 12 loudspeakers located on the station's four platforms, in all waiting rooms and in a tunnel connecting the platforms. Train information is broadcast from the Station Master's office located in the center upper level of the station.

The recommendations for the new installations were made by a six-man committee of officers and employes appointed as the result of many suggestions submitted by the general public, employes and officers for improving the means of supplying information to the travelling public at this station.

During 1947, a total of 956 suggestions were submitted under terms of the employes' Suggestion Plan of your companies and of these 87 received awards totaling $1,218.60. This brings to 2,209 the number of suggestions received since the start of the plan on September 10, 1945. An even 200 suggestions have been adopted and received a total of $3,218.79 in awards.

Employe recreational activities undertaken during the past year were our annual boat ride-picnic to Rye Beach, N. Y., and organized bowling and softball competition.

The boat ride outing attracted about 5,800 employes and members of their families and two large excursion boats were needed to transport the picnickers between our Jersey City Terminal and Rye Beach.

The bowling competition, the third organized season on the Jersey Central Lines, saw more than 500 girls and men competing in nine leagues in New York City, Elizabeth, N.J., Allentown, Pa., and Ashley, Pa., and in system-wide railroad championship events.

More than 200 men, representing ten teams, participated in the softball competition which was played at a specially-built diamond on our Elizabethport property. At the conclusion of the season the championship team and the runner-up nine were feted at a victory dinner in our Jersey City Terminal Restaurant.

Medical Department

In 1947, its fifth year under a reorganized, revitalized administration your railroads' Medical Department treated or examined 6,920 employes and applicants for employment.

A highly important medical department activity inaugurated late last year was the examination of each officer of your company at periodic intervals. This policy was decided on because it has been found that officers, generally speaking, are more likely to neglect their health than is the average employe. Recognizing this fact, the Medical Department is carrying out its plan to protect the officers, and thus the railroad, through a system of comprehensive examinations that may forewarn of possible physical ailments, previously unknown.

Heading your railroads' medical program is Dr. Ira Goldowsky, with headquarters at Jersey City Terminal. Helping maintain the health of employes is a staff of 26 company surgeons and three nurses. Regular staff activities are augmented by consultation with local orthopedic, nerve and eye specialists. So competent was the Medical Department's work and administration last year that its services were approved by the American College of Surgeons.

The entire medical organization is planned with one principal viewpoint, the "practice of preventive medicine." As a result, when an employe is found to have a physical defect, he is referred to his family physician for immediate attention. Many breakdowns in health thus have been averted; employes lose less time from work, and the railroad retains the services of trained employes. Employes are cooperating wholeheartedly with the medical department program, and the policy of keeping men healthy and on the job has instilled a new outlook on their part.

Appointments and Retirements

On November 1, 1947, Mr. Earl T. Moore was appointed Chief Executive Officer of the Central Railroad of New Jersey to succeed Mr. William Wyer, who resigned from the post in order to devote his full time to the affairs of Wm. Wyer & Company, consulting engineers, of East Orange, N. J. Mr. Wyer had been Chief Executive Officer since July 1, 1943.

Shortly after his appointment was announced by Mr. Walter P. Gardner, Trustee of the Central of New Jersey, Mr. Moore also was elected president of the Central Railroad Company of Pennsylvania, the Wharton and Northern Railroad Company and the Mount Hope Mineral Railroad Company to succeed Mr. Wyer.

Mr. Moore, who joined the Central of New Jersey on May 1, 1939, after a long career with the Reading Company, had been General Manager or Chief Operating Officer of the railroad since September 1, 1943. The title of the office was changed to Chief Operating Officer on September 15, 1947.

Coincident with his appointment, Mr. Moore named Mr. Arthur C. Tosh as his successor as Chief Operating Officer. In order to accept the post, Mr. Tosh resigned as Assistant Vice President in Charge of Operations and Maintenance of the Reading Company. Mr. Tosh had been with the Reading Company since 1909.

Other appointments made within the past year include:

Mr. Judson C. McLester, Jr., as Chief Law Officer, effective September 15, 1947, to succeed Mr. Howard L. Kern, who died on May 11, 1947.

Mr. Ralph E. Thompson, who had been Property Manager since October, 1943, to the newly-created post of Chief Accounting Officer, effective September 22, 1947.

Mr. Philip M. Parker, who had been Assistant to the Chief Executive Officer since January, 1945, as Property Manager, effective September 22, 1947, to succeed Mr. Thompson.

Mr. Sydney L. Mapes, who had been Assistant Chief Operating Officer or Assistant General Manager since May, 1945, as Chief Engineer, effective May 1, 1948, to succeed Mr. Albert M. Zabriskie, who retired from active duty after 44 years' service with the railroad. Mr. Zabriskie, who had been Chief Engineer since April 1, 1944, is continuing to serve the railroad in an engineering consulting capacity.

Mr. Edwin L. Tomlinson, who had been District Passenger Agent at Newark, N. J., since May, 1941, as General Passenger Agent, effective September 1, 1947, to succeed Mr. Benjamin D. Branch, who retired after a 40-year career with the Central of New Jersey.

All of the new appointees with the exception of Mr. Tosh and Mr. McLester have been with the Jersey Central Lines for many years. To accept his present position, Mr. McLester severed connections with the New York law firm of Davis, Polk, Wardell, Sunderland and Kiendl with which he had been associated since he was graduated from the University of Virginia Law School in 1933.

EARL T. MOORE
Chief Executive Officer
The Central Railroad
Company of New Jersey

WALTER P. GARDNER
Trustee
The Central Railroad
Company of New Jersey

The Central Railroad Company of New Jersey

General Balance Sheet

Assets

	December 31, 1947	December 31, 1946	Increase *or Decrease*
Investments:			
Road and Equipment Property	$147,385,029.68	$149,651,232.31	*$ 2,266,202.63*
Improvements on Leased Property	13,703,127.18	13,717,893.45	*14,766.27*
Donations and Grants	*2,997,891.09	*2,991,762.31	*6,128,78*
Investment in Transportation Property	$158,090,265.77	$160,377,363.45	*$ 971,707.45*
Accrued Depreciation—Road	*4,236,673.42	*3,455,271.12	963,676.81
Accrued Depreciation—Equipment	*31,534,521.25	*33,628,224.06	*535,507.82*
Accrued Amortization of Defense Projects—Road	*418,792.63	*416,069.83	*166.434.76*
Accrued Amortization of Defense Projects—Equipment	*6,726,939.34	*6,732,751.86	5,812.52
Investment in Transportation Property less recorded Depreciation and Amortization	$115,173,339.13	$116,145,046.58	*$ 971,707.45*
Capital and Other Reserve Funds	2,289,751.19	1,326,074.38	963,676.81
Maintenance Funds	480,000.00	1,015,507.82	*535,507.82*
Miscellaneous Physical Property	3,235,317.54	3,401,752.30	*166,434.76*
Investments in Affiliated Companies,			
Stocks	6,273,251.02	6,274,251.02	*1,000.00*
Bonds	1,892,000.00	2,407,000.00	*515,000.00*
Other Secured Obligations	40,000.00	40,000.00	
Unsecured Notes	789,000.00	665,000.00	124,000.00
Investment Advances	5,571,932.41	6,632,303.85	*1,060,371.44*
Other Investments,			
Stocks	1,603,046.78	1,603,046.78	
Bonds	9,633,202.32	8,360,635.44	1,272,566.88
Reserve for Adjustment of Investment in Securities	*1,728,934.00	*1,855,152.00	126,218.00
Total Investments Less Recorded Depreciation and Amortization	$145,251,906.39	$146,015,466.17	*$ 763,559.78*
Current Assets:			
Cash	$ 3,432,102.60	$ 3,272,456.26	$ 159,646.34
Temporary Cash Investments		2,108,775.00	*2,108,775.00*
Special Deposits	249,065.39	141,481.23	107,584.16
Loans and Bills Receivable	118.11		118.11
Net Balance Receivable from Agents and Conductors	957,215.02	1,099,730.11	*142,515.09*
Miscellaneous Accounts Receivable	3,708,492.11	3,444,540.42	263,951.69
Material and Supplies	3,192,348.20	2,923,256.35	269,091.85
Interest and Dividends Receivable	78,823.50	75,028.07	3,795.43
Accrued Accounts Receivable	4,850,017.52	4,398,532.99	451,484.53
Other Current Assets	82,062.52	59,475.03	22,587.49
Total Current Assets	$ 16,550,244.97	$ 17,523,275.46	*$ 973,030.49*
Deferred Assets:			
Working Fund Advances	$ 111,302.71	$ 111,452.71	*$ 150.00*
Insurance and Other Funds	1,261,311.80	1,195,261.52	66,050.28
Other Deferred Assets	2,198,146.28	308,512.48	1,889,633.80
Total Deferred Assets	$ 3,570,760.79	$ 1,615,226.71	$ 1,955,534.08
Unadjusted Debits:			
Prepayments	$ 263,861.12	$ 263,183.80	$ 677.32
Other Unadjusted Debits (see Note on page 27)	16,259,135.72	16,812,546.82	*553,411.10*
Securities Issued or Assumed—Unpledged	¶1,267,000.00	1,267,000.00	
Total Unadjusted Debits	$ 17,789,996.84	$ 18,342,730.62	*$ 552,733.78*
Grand Total	$183,162,908.99	$183,496,698.96	*$ 333,789.97*

* Denotes credit.

¶ In Company's treasury.

General Balance Sheet

Liabilities

		December 31, 1947	December 31, 1946	Increase *or Decrease*
Stock:				
Capital Stock,				
Common—Authorized	$30,000,000.00			
Not Issued	2,563,200.00			
Outstanding		$ 27,436,800.00	$ 27,436,800.00	
Long Term Debt:				
Funded Debt Unmatured:				
Equipment Obligations with Public		$ 192,585.44	$ 318,184.64	*$ 125,599.20*
Mortgage Bonds in Co.'s Treasury		1,267,000.00	1,267,000.00	
Mortgage Bonds with Public		48,731,000.00	48,731,000.00	
Total Long Term Debt		$ 50,190,585.44	$ 50,316,184.64	*$ 125,599.20*
Current Liabilities:				
Traffic and Car Service Balances—Credit		$ 2,722,596.98	$ 3,278,845.15	*$ 556,248.17*
Audited Accounts and Wages Payable		2,574,521.24	2,682,552.54	*108,031.30*
Miscellaneous Accounts Payable		1,435,283.45	985,470.63	449,812.82
Interest Matured Unpaid		300.85	484.02	*183.17*
Dividends Matured Unpaid		49,324.50	49,324.50	
Accrued Accounts Payable		549,435.68	596,790.55	*47,354.87*
Taxes Accrued		1,640,929.72	1,487,837.63	153,092.09
Other Current Liabilities		456,209.22	377,062.07	79,147.15
Total Current Liabilities		$ 9,428,601.64	$ 9,458,367.09	*$ 29,765.45*
Deferred Liabilities:				
Interest in default		$ 21,495,253.75	$ 19,108,603.75	$ 2,386,650.00
Other Deferred Liabilities		174,373.29	113,655.84	60,717.45
Total Deferred Liabilities		$ 21,669,627.04	$ 19,222,259.59	$ 2,447,367.45
Unadjusted Credits:				
Insurance Reserves		$ 1,146,485.36	$ 1,091,211.33	$ 55,274.03
Maintenance Reserves		407,845.13	823,015.68	*415,170.55*
Other Unadjusted Credits (see Note)		16,086,233.99	15,708,000.08	378,233.91
Accrued Depreciation — Leased Property		601,003.77	441,458.10	159,545.67
Total Unadjusted Credits		$ 18,241,568.25	$ 18,063,685.19	$ 177,883.06
Surplus:				
Earned Surplus—Appropriated		$ 61,213,541.63	$ 62,809,990.57	*$ 1,596,448.94*
Earned Surplus—Unappropriated		†5,017,815.01	†3,810,588.12	*1,207,226.89*
Total Surplus		$ 56,195,726.62	$ 58,999,402.45	*$ 2,803,675.83*
Grand Total		$183,162,908.99	$183,496,698.96	*$ 333,789.97*

† Denotes debit.

Note: The accounts "Other Unadjusted Debits" and "Other Unadjusted Credits" include an item of $15,250,000 each representing a payment made by the Trustee in 1946 on account of tax claims of the State of New Jersey for the years 1932 to 1940, inclusive, with respect to which the Court reserved for future determination the apportionment as between principal and interest. The total claim asserted by the State as of December 31, 1947, aggregated approximately $31,906,000. By order entered April 19, 1948, the District Court allowed the State's claims for the aggregate sum of $24,821,406.50, disallowed any amount asserted to be in excess of that sum and authorized the Trustee to make final settlement of the claim by an additional cash payment of $9,571,406.50. This cash payment was made on June 2, 1948, shortly after expiration of the time within which an appeal might be taken from the District Court's order, and upon the making of such payment the two items of $15,250,000 each were eliminated from the Balance Sheet.

Income Account

	1947 Amount	% of Oper. Rev.
Average Mileage Operated	418.19	
RAILWAY OPERATING REVENUES:		
Freight	$ 28,736,053	76
Passenger	5,947,841	16
Mail	208,353	1
Express	503,220	1
Water Transfer	333,943	1
Miscellaneous	1,818,042	5
Joint Facility	18,436	
Railway Operating Revenues	$ 37,565,888	100
RAILWAY OPERATING EXPENSES:		
Maintenance of Ways & Str.	$ 5,422,398	14.44
Maintenance of Equipment	6,572,856	17.50
Traffic Expenses	613,472	01.63
Transportation Expenses	19,572,891	52.10
Miscellaneous Operations	282,486	00.75
General Expenses	1,701,875	04.53
Railway Operating Expenses	$ 34,165,978	90.95
Net Revenue from Railway Opers.	$ 3,399,910	9.05
RAILWAY TAX ACCRUALS	$ 4,846,928	
RAILWAY OPERATING INCOME	$ ‡1,447,018	
Equipment Rents—Dr.	3,114,286	
Joint Facility Rents—Dr.	361,797	
Net Railway Operating Income	$ ‡4,923,101	
Total Other Income	4,329,528	
Total Income	$ ‡593,573	
Total Miscellaneous Deductions from Income	$ 99,655	
Income Available for Fixed Charges	$ ‡693,228	
Total Fixed Charges	$ 2,455,286	
Net *Deficit*	$ ‡3,148,514	

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‡ Denotes Deficit.

Profit and Loss

Debit Balance December 31, 1946	$ 3,810,588.12	
Debit Balance transferred from Income	3,148,513.97	
Surplus Appropriated for Investment in Physical Property	2,503.84	
Miscellaneous Debits	187,428.37	
Total Debits		$ 7,149,034.30
Miscellaneous Credits		2,131,219.29
Debit Balance December 31, 1947		$ 5,017,815.01

Long Term Debt—Mortgage Bonds

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest Due	Interest Charged to Income during the year
Coupon 5%	July 1, 1887	July 1, 1987	$17,644,000.00	$ 1,133,000.00	$16,511,000.00	Jan. and July	$ 823,550.00
Registered 5%	July 1, 1887	July 1, 1987	27,354,000.00	124,000.00	27,230,000.00	Jan., April July and Oct.	1,363,500.00
Coupon 4%	Jan. 1, 1928	July 1, 1987	4,649,000.00	10,000.00	4,639,000.00	Jan. and July	185,560.00
Registered 4%	Jan. 1, 1928	July 1, 1987	351,000.00		351,000.00	Jan., April July and Oct.	14,040.00
Total			$49,998,000.00	$ 1,267,000.00	$48,731,000.00		$ 2,386,650.00

Equipment Obligations—Conditional Purchase Contracts

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest Due	Interest Charged to Income during the year
1¾%	May 1, 1944	April 1, 1949	$ 62,800.00		$ 16,746.56	Monthly	2,115.56
1¾%	June 1, 1944	May 1, 1949	125,600.00		35,586.44	Monthly	
1¾%	Sept. 1, 1944	Aug. 1, 1949	125,600.00		39,773.08	Monthly	
1¾%	Aug. 1, 1944	July 1, 1949	251,200.00		79,546.16	Monthly	2,262.09
1¾%	Sept. 1, 1944	Aug. 1, 1949	62,800.00		20,933.20	Monthly	
Total			$ 628,000.00		$ 192,585.44		$ 4,377.65
Grand Total Long Term Debt			$50,626,000.00	$ 1,267,000.00	$48,923,585.44		$ 2,391,027.65

Insurance Reserve Fund

Cash on Hand, December 31, 1946		$ 7,039.45
RECEIPTS		
Contributions to Fund	$ 66,516.68	
Sale of Securities		$ 66,516.68
		$ 73,556.13
DISBURSEMENTS		
Fire and Marine Losses	$ 11,242.65	
Purchase of Securities	46,206.25	$ 57,448.90
Cash on Hand, December 31, 1947		$ 16,107.23

ASSETS		LIABILITIES	
Cash	$ 16,107.23	Balance of Reserve, Dec. 31, 1947	$ 1,146,485.36
Securities	1,130,378.13	Claims unpaid	
Total	$ 1,146,485.36	Total	$ 1,146,485.36

SECURITIES	Date of Maturity	Par Value	Book Value
U. S. Government Treasury Bonds, 2¼%	1959-62	$ 400,000.00	$ 400,000.00
U. S. Government Treasury Bonds, 2¼%	1959-62	35,000.00	35,471.88
U. S. Government Treasury Bonds, 2½%	1967-72	643,000.00	644,171.88
U. S. Government Treasury Bonds, 2½%	1967-72	50,000.00	50,734.37
Total Securities		$ 1,128,000.00	$ 1,130,378.13

Central Railroad Company of Pennsylvania

General Balance Sheet

Assets

	December 31, 1947	December 31, 1946	Increase *or Decrease*
Investments:			
Road and Equipment Property	$ 12,345,220.26	$ 5,472,475.81	$ 6,872,744.45
Improvements on Leased Property	106,198.10	16,347.74	89,850.36
Donations and Grants	*850.00		*850.00*
Investment in Transportation Property	$ 12,450,568.36	$ 5,488.823.55	$ 6,961,744.81
Accrued Depreciation—Road	*25,108.68	*7,183.71	*17,924.97*
Accrued Depreciation—Equipment	*189,763.84	*97,962.32	*91,801,52*
Accrued Amortization of Defense Projects—Equipment	*3,272,529.03	*3,275,804.84	3,275.81
Investment in Transportation Property less recorded Depreciation and Amortization	$ 8,963,166.81	$ 2,107,872.68	$ 6,855,294.13
Capital and Other Reserve Funds	14,357.60		14,357.60
Maintenance Funds	100,000.00		100,000.00
Total Investments less recorded Depreciation and Amortization	$ 9,077,524.41	$ 2,107,872.68	$ 6,969,651.73
Current Assets:			
Cash	$ 3,281,194.20	$ 2,398,388.25	$ 882,805.95
Temporary Cash Investments	2,900,225.45		2,900,225.45
Special Deposits	87,714.40	63,826.15	23,888.25
Traffic and Car Service Balances—Debit	1,151,371.58	1,387,377.70	*236,006.12*
Net Balance Receivable from Agents and Conductors	66,838.09	86,970.33	*20,132.24*
Miscellaneous Accounts Receivable	824,561.85	665,144.70	159,417.15
Material and Supplies	869,739.84	664,499.71	205,240.13
Interest and Dividends Receivable	14,224.80		14,224.80
Accrued Accounts Receivable	288,301.24	299,166.11	*10,864.87*
Other Current Assets	2,339.72	1,458.08	881.64
Total Current Assets	$ 9,486,511.17	$ 5,566,831.03	$ 3,919,680.14
Deferred Assets:			
Working Fund Avances	$ 818.93	$ 818.93	
Insurance and Other Funds	5,978.00		$ 5,978.00
Other Deferred Assets	645.81		645.81
Total Deferred Assets	$ 7,442.74	$ 818.93	$ 6,623.81
Undajusted Debits:			
Prepayments	$ 54,216.03	$ 11,070.00	$ 43,146.03
Discount on Funded Debt	68,138.66	20,163.16	47,975.50
Other Unadjusted Debits	40,287.03	281,086.74	*240,799.71*
Total Unadjusted Debits	$ 162,641.72	$ 312,319.90	*$ 149,678.18*
Grand Total	$ 18,734,120.04	$ 7,987,842.54	$ 10,746,277.50

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* Denotes credit.

Central Railroad Company of Pennsylvania

General Balance Sheet

Liabilities

		December 31, 1947	December 31, 1946	Increase *or Decrease*
Stock:				
Capital Stock,				
Common—Authorized	$2,300,000.00			
Not Issued	469,900.00			
Outstanding		$ 1,830,100.00	$ 1,830,100.00	
Long Term Debt:				
Funded Debt Unmatured:				
Equipment Obligations with Public		$ 8,331,000.00	$ 3,224,000.00	$ 5,107,000.00
Amounts Payable to Affiliated Companies		1,467,323.89	1,467,323.89	
Total Long Term Debt		$ 9,798,323.89	$ 4,691,323.89	$ 5,107,000.00
Current Liabilities:				
Audited Accounts and Wages Payable		$ 966,951.24	$ 715,819.84	$ 251,131.40
Miscellaneous Accounts Payable		787,789.65	638,699.08	149,090.57
Interest Matured Unpaid		118.80		118.80
Unmatured Interest Accrued		45,401.11	3,224.00	42,177.11
Accrued Accounts Payable		4,158,935.74	1,670,778.10	2,488,157.64
Taxes Accrued		311,600.00	167,900.00	143,700.00
Other Current Liabilities		53,974.48	52,421.63	1,552.85
Total		$ 6,324,771.02	$ 3,248,842.65	$ 3,075,928.37
Deferred Liabilities:				
Other Deferred Liabilities		$ 569.81	$ 94.99	$ 474.82
Unadjusted Credits:				
Insurance Reserves		$ 5,978.00		$ 5,978.00
Maintenance Reserves		49,755.77		49,755.77
Other Unadjusted Credits		47,895.68	$ 4,587.92	43,307.76
Total Unadjusted Credits		$ 103,629.45	$ 4,587.92	$ 99,041.53
Surplus:				
Earned Surplus—Unappropriated		$ 676,725.87	$ †1,787,106.91	$ 2,463,832.78
Grand Total		$ 18,734,120.04	$ 7,987,842,54	$ 10,746,277.50

† Denotes debit.

Central Railroad Company of Pennsylvania

Income Account

	1947 Amount	% of Oper. Rev.
Average Mileage Operated	213.27	
RAILWAY OPERATING REVENUES:		
Freight	$ 17,558,494	96
Passenger	221,881	1
Mail	182,972	1
Express	153,398	1
Miscellaneous	94,946	1
Joint Facility	†1,695	
Railway Operating Revenues	$ 18,209,996	100
RAILWAY OPERATING EXPENSES		
Maintenance of Ways & Str.	$ 1,597,835	08.73
Maintenance of Equipment	3,453,448	18.96
Traffic Expenses	265,461	01.46
Transportation Expenses	5,922,803	32.52
Miscellaneous Operations	33,808	00.18
General Expenses	456,352	02.56
Railway Operating Expenses	$ 11,729,707	64.41
Net Revenue from Railway Opers.	$ 6,480,289	35.59
RAILWAY TAX ACCRUALS	$ 816,156	
RAILWAY OPERATING INCOME	$ 5,664,133	
Equipment Rents—Cr.	2,281,462	
Joint Facility Rents—Cr.	131,359	
Net Railway Operating Income	$ 8,076,954	
Total Other Income	$ 36,665	
Total Income	$ 8,113,619	
Total Miscellaneous Deductions from Income	$ 6,371	
Income Available for Fixed Charges	$ 8,107,248	
Total Fixed Charges	$ 5,695,032	
Net Income	$ 2,412,216	

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† Denotes Debit.

Profit and Loss

Debit Balance December 31, 1946	$ 1,787,106.91	
Miscellaneous Debits	6,901.48	
Total Debits		$ 1,794,008.39
Credit Balance transferred from Income	$ 2,412,216.26	
Miscellaneous Credits	58,518.00	
Total Credits		$ 2,470,734.26
Credit Balance December 31, 1947		$ 676,725.87

Long Term Debt—Equipment Trust Obligation

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest	
						Due	Charged to Income during the year
2¼%	June 15, 1944	June 15, 1959	$ 3,720.000.00	——	$ 2,976,000.00	June and Dec.	$ 69,502.00
2⅜%	June 15, 1947	June 15, 1962	1,605,000.00	——	1,605,000.00	June and Dec.	18,007.87
2⅜%	July 15, 1947	July 15, 1962	3,750,000.00	——	3,750,000.00	Jan. and July	34,157 81
Total			$ 9,075,000.00	——	$ 8,331,000.00		$ 121,667.68

Insurance Reserve Fund

Cash on Hand, December 31, 1946	
RECEIPTS	
Contributions to Fund	$ 5,978.00
	$ 5,978.00
DISBURSEMENTS	
Fire Losses	
Purchase of Securities	
Cash on Hand, December 31, 1947	$ 5,978.00

ASSETS		LIABILITIES	
Cash	$5,978.00	Balance of Reserve, Dec. 31, 1947	$5,978.00
Securities	......	Claims unpaid	......
Total	$5,978.00	Total	$5,978.00

Wharton and Northern Railroad Company

General Balance Sheet

Assets

	December 31, 1947	December 31, 1946	Increase *or Decrease*
Investments:			
Road and Equipment Property	$ 984,729.22	$ 783,289.28	$ 201,439.94
Donations and Grants	*7,136.76	*7,136.76	
Investment in Transportation Property	$ 977,592.46	$ 776,152.52	$ 201,439.94
Accrued Depreciation—Road	*11,549.30	*11,159.30	*390.00*
Accrued Depreciation—Equipment	*53,398.99	*27,349.75	*26,049.24*
Investment in Transportation Property less recorded Depreciation	$ 912,644.17	$ 737,643.47	$ 175,000.70
Miscellaneous Physical Property	13,903.32	14,291.58	*388.26*
Other Investments,			
Stocks	51.02	51.02	
Bonds	620,641.57	620,641.57	
Total Investments less recorded Depreciation and Amortization	$ 1,547,240.08	$ 1,372,627.64	$ 174,612.44
Current Assets:			
Cash	$ 179,271.50	$ 204,794.95	*$ 25,523.45*
Temporary Cash Investments	183,025.23	33,000.00	150,025.23
Traffic and Car Service Balances—Debit		15,750.03	*15,750.03*
Miscellaneous Accounts Receivable	218,198.86	173,979.06	44,219.80
Interest and Dividends Receivable	5,276.32	4,122.03	1,154.29
Accrued Accounts Receivable		308,136.04	*308,136.04*
Total Current Assets	$ 585,771.91	$ 739,782.11	*$ 154,010.20*
Deferred Assets:			
Working Fund Advances	$ 100.00	$ 100.00	
Other Deferred Assets	308,146.59		$ 308,146.59
Total Deferred Assets	$ 308,246.59	$ 100.00	$ 308,146.59
Unadjusted Debits:			
Prepayments	$ 913.49	$ 699.93	$ 213.56
Other Unadjusted Debits	455.61	9,415.61	*8,960.00*
Total Unadjusted Debits	$ 1,369.10	$ 10,115.54	*$ 8,746.44*
Grand Total	$ 2,442,627.68	$ 2,122,625.29	$ 320,002.39

*Denotes credit.

Wharton and Northern Railroad Company

General Balance Sheet

Liabilities

		December 31, 1947	December 31, 1946	Increase *or Decrease*
Stock:				
Capital Stock,				
Common—Authorized	$500,000.00			
Not Issued				
Outstanding		$ 500,000.00	$ 500,000.00	
Long Term Debt:				
Funded Debt Unmatured:				
Equipment Obligations with Public		$ 379,500.00	$ 286,520.00	$ 92,980.00
Current Liabilities:				
Traffic and Car Service Balances—Credit		$ 31,225.74		$ 31,225.74
Audited Accounts and Wages Payable		28,755.95	$ 20,514.43	8,241.52
Miscellaneous Accounts Payable		2,161.37	1,289.84	871.53
Accrued Accounts Payable		1,409.31		1,409.31
Interest Matured Unpaid		518.65	377.26	141.39
Taxes Accrued		749.69	493.16	256.53
Other Current Liabilities		1,232.81	14,964.47	*13,731.66*
Total Current Liabilities		$ 66,053.52	$ 37,639.16	$ 28,414.36
Deferred Liabilities:				
Other Deferred Liabilities		$ 50.00		$ 50.00
Surplus:				
Earned Surplus—Appropriated		$ 550.41	$ 550.41	
Earned Surplus—Unappropriated		1,496,473.75	1,297,915.72	$ 198,558.03
Total Surplus		$ 1,497,024.16	$ 1,298,466.13	$ 198,558.03
Grand Total		$ 2,442,627.68	$ 2,122,625.29	$ 320,002.39

Wharton and Northern Railroad Company

Income Account

		1947
Total Operating Revenues	$	274,121.75
Total Operating Expenses	$	88 549.38
Net Revenue from Railway Operations	$	185,572.37
Railway Tax Accruals		
New Jersey Property	$	5,507.07
New Jersey Franchise		6,608.48
Federal Income		
Pay Rolls		4,572.91
Other		45 35
Total Taxes	$	16,733.81
Hire of Equipment—Cr.		
Locomotives	$	2,747.43
Work Equipments		1,475.64
Total	$	4,223.07
Hire of Equipment—Dr.		
Freight Cars	$	9,896.52
Locomotives		4,848.62
Total	$	14,745.14
Hire of Equipment—Net	$	†10,522.07
Joint Facility Rents		†470.89
Net Railway Operating Income	$	157,845.60

NON-OPERATING INCOME

Income from Lease of Road and Equipment	$	33,877.73
Miscellaneous Rent Income		48.00
Miscellaneous Nonoper'g Phys. Property		90.00
Income from Funded Securities		13,110.00
Income from Unfunded Sec. and Accounts		507.98
Total Income	$	205,479.31

MISCELLANEOUS DEDUCTIONS FROM INCOME

Miscellaneous Rents	$	70.00
Miscellaneous Tax Accruals		105.06
Total	$	175.06
Available for Fixed Charges	$	205,304.25

FIXED CHARGES

Interest on Funded Debt		
Interest on Cond'l Purchase Agreements	$	6,357.65
Total Fixed Charges	$	6,357.65
Net Income	$	198,946.60

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† Denotes Debit.

Wharton and Northern Railroad Company

Profit and Loss

Credit Balance December 31, 1946	$1,297,915.72
Credit Balance transferred from Income	198,946.60
Total Credits	$1,496,862.32
Miscellaneous Debits	388.57
Credit Balance December 31, 1947	$1,496,473.75

Long Term Debt—Conditional Purchase Contracts

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest	
						Due	Charged to Income during the year
1.64%	Dec. 1, 1946	Nov. 1, 1954	$144,020.00		$124,500.00	Monthly	$2,180.67
1.64%	Jan. 1, 1947	Dec. 1, 1954	144,020.00		126,000.00	Monthly	2,205.44
1.64%	Mar. 1, 1947	Feb. 1, 1955	144,020.00		129,000.00	Monthly	1,971.54
Total			$432,060.00		$379,500.00		$6,357.65

SOME OF THE 5,800 who took in the 1947 Employes' Boat Ride and Outing September 7 disembark from one of two steamers at the Playland dock, Rye Beach, N. Y.

CENTRAL LINES

Mount Hope Mineral Railroad Company

General Balance Sheet

Assets

	December 31, 1947	December 31, 1946	Increase *or Decrease*
Investments:			
Road and Equipment Property	$ 134,722.16	$ 134,722.16	
Investment in Transportation Property	$ 134,722.16	$ 134,722.16	
Accrued Depreciation—Road	*3,214.79	*3,054 47	*$ 160.32*
Investment in Transportation Property less recorded Depreciation	$ 131,507.37	$ 131,667.69	*$ 160.32*
Other Investments,			
Bonds	50,000.00	50,000.00	
Total Investment less recorded Depreciation	$ 181,507.37	$ 181,667.69	*$ 160.32*
Current Assets:			
Cash	$ 64,294.88	$ 43,621.92	$ 20,672.96
Traffic and Car Service Balances—Debit	4,396.08	3,400.09	995.99
Net Balance Receivable from Agents and Conductors	218.75	293.20	*74.45*
Miscellaneous Accounts Receivable	389.00	1,101.46	*712.46*
Interest and Dividends Receivable	468.74	468.74	
Total Current Assets	$ 69,767.45	$ 48,885.41	$ 20,882.04
Deferred Assets:			
Other Deferred Assets		$ 389.00	*$ 389.00*
Grand Total	$ 251,274.82	$ 230,942.10	$ 20,332.72

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* Denotes credit.

Mount Hope Mineral Railroad Company

General Balance Sheet

Liabilities

	December 31, 1947	December 31, 1946	Increase *or Decrease*
Stock:			
Capital Stock	$ 160,000.00	$ 160,000.00	
Current Liabilities:			
Audit Accounts and Wages Payable	$ 3,129.09	$ 1,462.57	$ 1,666.52
Miscellaneous Accounts Payable	10.74	406.76	*396.02*
Taxes Accrued	10,236.00	6,837.00	3,399.00
Total Current Liabilities	$ 13,375.83	$ 8,706.33	$ 4,669.50
Surplus:			
Earned Surplus Unappropriated	$ 77,898.99	$ 62,235.77	$ 15,663.22
Grand Total	$ 251,274.82	$ 230,942.10	$ 20,332.72

Mount Hope Mineral Railroad Company

Income Account

		1947
Total Operating Revenue	$	56,071.45
Total Operating Expenses	$	16,899.01
Net Revenue from Railway Operations	$	39,172.44
Railway Tax Accruals		
New Jersey Property	$	1,691.67
New Jersey Franchise		2,030.00
Federal Income		8,200.43
Pay Rolls		737.64
Total Taxes	$	12,659.74
Hire of Equipment—Dr.		
Freight Cars	$	3.45
Locomotives		2,747.43
Total Hire of Equipment—Dr.	$	2,750.88
Net Railway Operating Income	$	23,761.82
NON-OPERATING INCOME		
Income from Funded Securities	$	1,250.00
Income from Unfunded Securities and Accounts		312.74
Miscellaneous Income		70.17
Total Income	$	25,394.73
FIXED CHARGES		
Interest on Unfunded Debt	$	131.55
Total Fixed Charges	$	131.55
Net Income	$	25,263.18
PROFIT AND LOSS		
Credit Balance December 31, 1946	$	62,235.77
Credit Balance transferred from Income		25,263,18
Miscellaneous Credits		.04
Total Credits	$	87,498.99
Dividend Appropriation of Surplus	$	9,600.00
Credit Balance December 31, 1947	$	77,898.99

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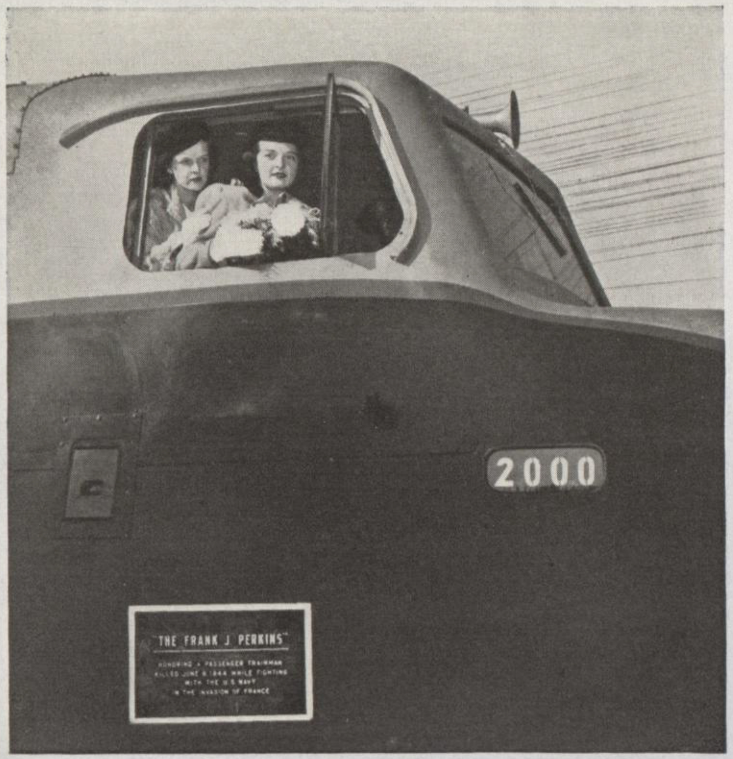
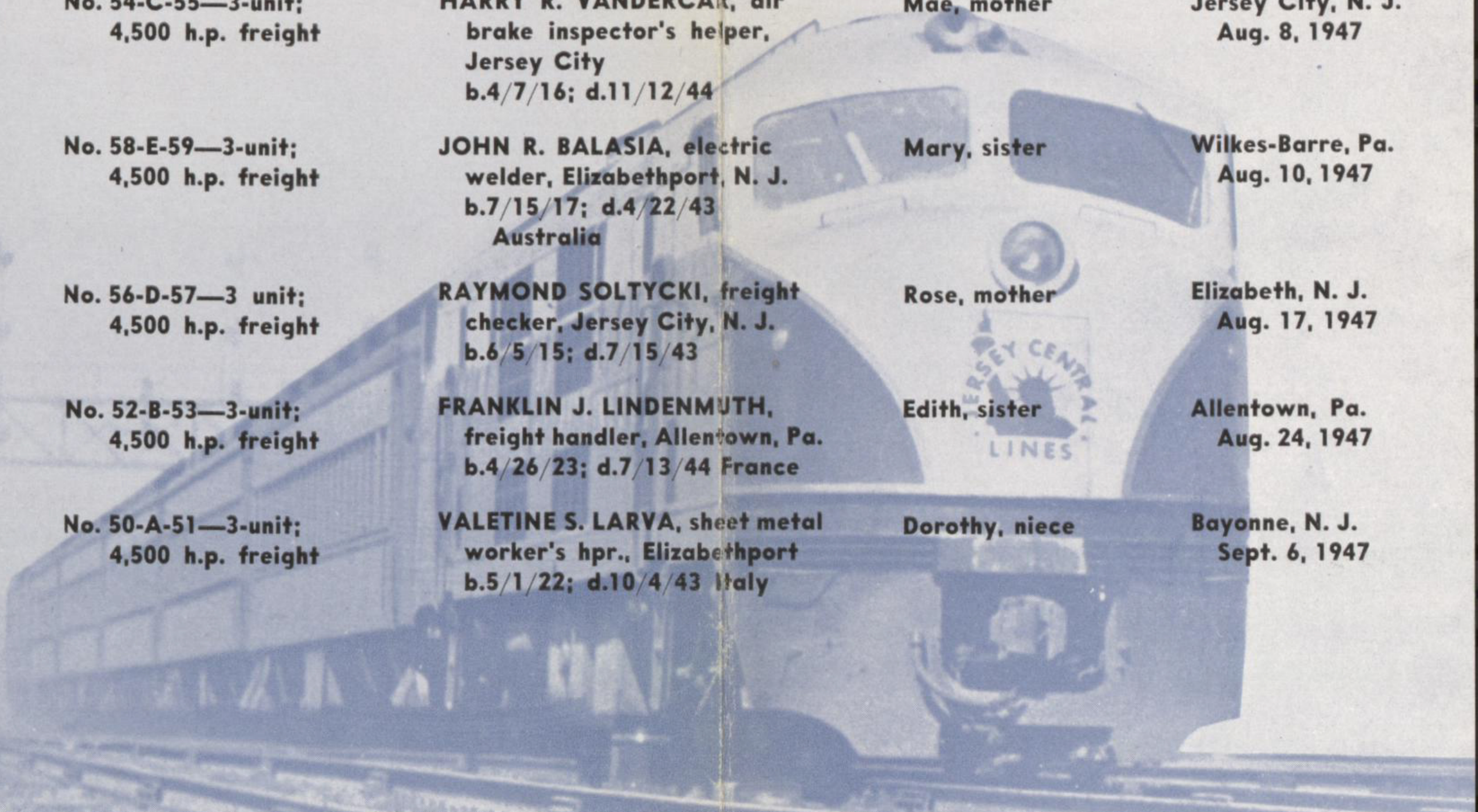


"..that they shall not have died in vain.."

Eight Jersey Central Lines Diesel-Electric Locomotives Carry Names of Former Railroad Employes Killed in World War II



Diesel-Electric Locomotive	*Named for*	*Christened by*	*Place and Date*
No. 2000—1-unit; 2,000 h.p. passenger	**FRANK J. PERKINS, passenger trainman, Jersey City, N. J. b.3/11/08; d.6/6/44 France**	**Doris, daughter**	**Belmar, N. J. Nov. 16, 1946**
No. 2001—1-unit; 2,000 h.p. passenger	**JOSEPH P. TARPEY, clerk, Jersey City, N. J. b.11/9/18; d.5/24/44 Austria**	**Marie, widow**	**Dunellen, N. J. Dec. 8, 1946**
No. 2002—1-unit; 2,000 h.p. passenger	**ELMER F. SHINN, secretary Long Branch, N. J. b.2/27/19; d.3/14/45 England**	**Henrietta, widow**	**Long Branch, N. J. March 29, 1947**
No. 54-C-55—3-unit; 4,500 h.p. freight	**HARRY R. VANDERCAR, air brake inspector's helper, Jersey City b.4/7/16; d.11/12/44**	**Mae, mother**	**Jersey City, N. J. Aug. 8, 1947**
No. 58-E-59—3-unit; 4,500 h.p. freight	**JOHN R. BALASIA, electric welder, Elizabethport, N. J. b.7/15/17; d.4/22/43 Australia**	**Mary, sister**	**Wilkes-Barre, Pa. Aug. 10, 1947**
No. 56-D-57—3 unit; 4,500 h.p. freight	**RAYMOND SOLTYCKI, freight checker, Jersey City, N. J. b.6/5/15; d.7/15/43**	**Rose, mother**	**Elizabeth, N. J. Aug. 17, 1947**
No. 52-B-53—3-unit; 4,500 h.p. freight	**FRANKLIN J. LINDENMUTH, freight handler, Allentown, Pa. b.4/26/23; d.7/13/44 France**	**Edith, sister**	**Allentown, Pa. Aug. 24, 1947**
No. 50-A-51—3-unit; 4,500 h.p. freight	**VALETINE S. LARVA, sheet metal worker's hpr., Elizabethport b.5/1/22; d.10/4/43 Italy**	**Dorothy, niece**	**Bayonne, N. J. Sept. 6, 1947**

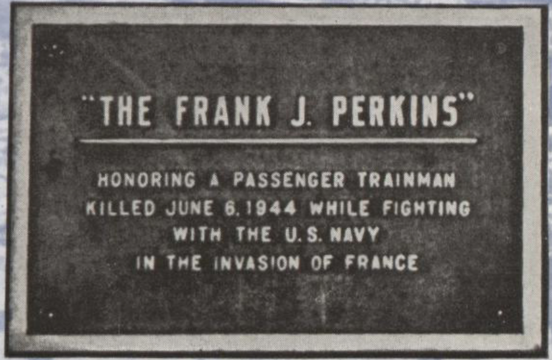
Believing that some lasting tribute should be paid to Jersey Central Lines men who made the supreme sacrifice in World War II, your officers decided on a policy of naming our new diesel-electric locomotives in their honor.

Thus our new road freight and passenger diesel-electrics have been named for the young heroes listed at the right, who, with 45 other Jersey Central Lines youths, died for their country, for their families and for peace-loving peoples everywhere.

The names of these eight men were bestowed on these modern locomotives at appropriate christening ceremonies held in the various home towns of the men, and we plan to name in a similar manner all our other diesel-electrics now on order.

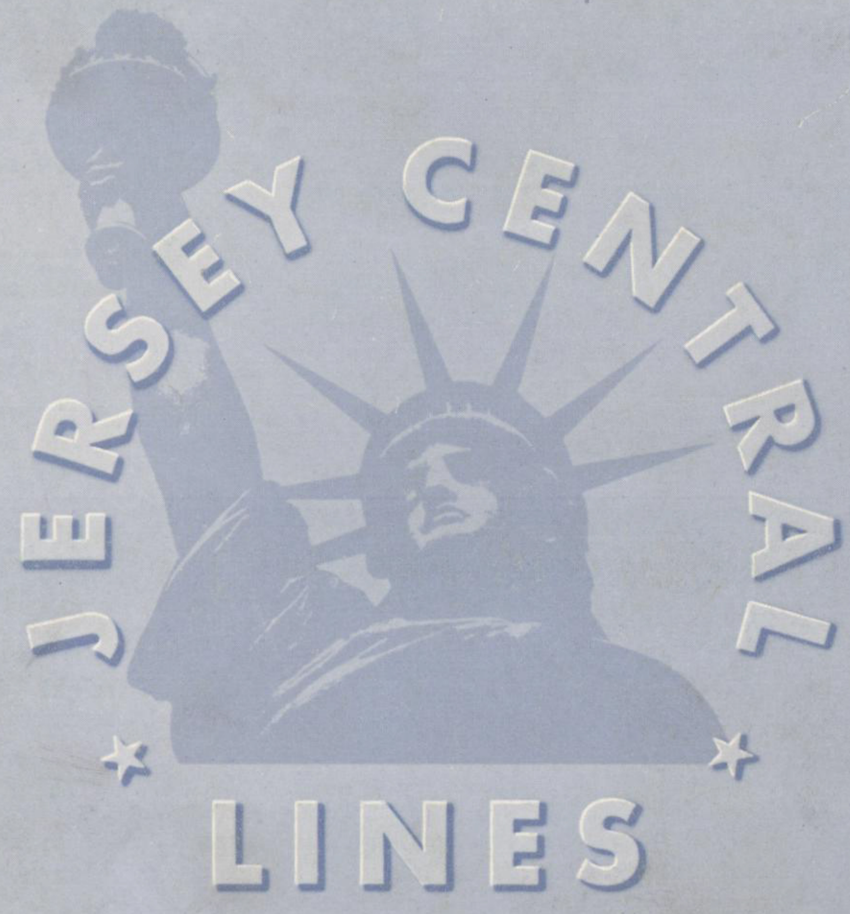
Bronze plaques, similar to the one shown below, on the locomotives' sleek sides will proclaim to those who see them that Jersey Central Lines has not forgotten what these men and thousands of others throughout the nation lived, fought and died for.

Shown at the top of this page in the cab of diesel-electric locomotive No. 2000, the first road passenger engine of this type placed in service by the Jersey Central Lines, are the widow and daughter of Frank J. Perkins, the late passenger trainman for whom the locomotive was named. The picture was taken on the day the locomotive was christened at Belmar, N. J.



"THE FRANK J. PERKINS"

HONORING A PASSENGER TRAINMAN
KILLED JUNE 6, 1944 WHILE FIGHTING
WITH THE U.S. NAVY
IN THE INVASION OF FRANCE



JERSEY CENTRAL LINES

The BIG *Little Railroad*